

HOUSE BILL No. 1252

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-2.5; IC 6-3.5; IC 6-5.5-8-2; IC 6-8.1; IC 12-7-2; IC 12-13; IC 12-19; IC 16-35; IC 20-26-11; IC 20-33-2-29; IC 31-25-2; IC 31-26; IC 31-31-8; IC 31-32-16-9; IC 31-34-24; IC 31-37-24; IC 31-40; IC 33-38-9-8; IC 36-8.5.

Synopsis: Property tax relief. Makes the following changes beginning in 2009: (1) Eliminates authority for a county to impose levies for a county family and children's fund, a county medical assistance to wards fund, a children's psychiatric residential treatment services fund, or a county children with special healthcare needs fund (child welfare levies). (2) Specifies that the state will pay for the child services previously paid from the eliminated funds and the expenses of children housed in facilities operated by the department of correction. (3) Adjusts distributions of financial institution tax, motor vehicle excise tax, and local income tax distributions affected by the elimination of child welfare levies. (4) Establishes procedures to eliminate shortfalls of revenue in tax increment financing (TIF) areas resulting from the elimination of child welfare levies. Extends the sales tax to services other than medical services and certain other exempted services. Exempts the sale of goods used in the business of providing taxable services from the sales tax. Requires certain local governments to impose a public safety user fee on certain property that is exempt from property tax.

Effective: July 1, 2008; January 1, 2009.

Saunders

January 14, 2008, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1252

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-17-3, AS AMENDED BY P.L.219-2007,
2 SECTION 49, AND AS AMENDED BY P.L.224-2007, SECTION 5,
3 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) The proper officers of
5 a political subdivision shall formulate its estimated budget and its
6 proposed tax rate and tax levy on the form prescribed by the
7 department of local government finance and approved by the state
8 board of accounts. The political subdivision shall give notice by
9 publication to taxpayers of:
10 (1) the estimated budget;
11 (2) the estimated maximum permissible levy;
12 (3) the current and proposed tax levies of each fund; and
13 (4) the amounts of excessive levy appeals to be requested.
14 In the notice, the political subdivision shall also state the time and
15 place at which a public hearing will be held on these items. The notice
16 shall be published twice in accordance with IC 5-3-1 with the first
17 publication at least ten (10) days before the date fixed for the public

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hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

(1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under ~~IC 6-1.1-15-1(b)~~; IC 6-1.1-15-1(c);

(2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

(A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);

(B) any deductions or exemptions that apply to the assessed valuation of the tangible property;

(C) any credits that apply in the determination of the tax liability; and

(D) the county auditor's best estimate of the effects on the tax liability that might result from actions of:

(i) the county board of tax adjustment (*before January 1, 2009*) or the county board of tax and capital projects review (*after December 31, 2008*); or

(ii) the department of local government finance;

(3) a prominently displayed notation that:

(A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and

(B) based on various factors, including potential actions by:

(i) the county board of tax adjustment (*before January 1, 2009*) or the county board of tax and capital projects review (*after December 31, 2008*); or

(ii) the department of local government finance;

it is possible that the tax liability as finally determined will

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- 1 differ substantially from the estimate;
- 2 (4) comparative information showing the amount of property
- 3 taxes for which the person is liable to each political subdivision
- 4 on the tangible property for taxes first due and payable in the
- 5 current year; and
- 6 (5) the date, time, and place at which the political subdivision will
- 7 hold a public hearing on the political subdivision's estimated
- 8 budget and proposed tax rate and tax levy as required under
- 9 subsection (a).
- 10 (c) The department of local government finance shall:
- 11 (1) prescribe a form for; and
- 12 (2) provide assistance to county auditors in preparing;
- 13 statements under subsection (b). Mailing the statement described in
- 14 subsection (b) to a mortgagee maintaining an escrow account for a
- 15 person who is liable for any property taxes shall not be construed as
- 16 compliance with subsection (b).
- 17 (d) The board of directors of a solid waste management district
- 18 established under IC 13-21 or IC 13-9.5-2 (before its repeal) may
- 19 conduct the public hearing required under subsection (a):
- 20 (1) in any county of the solid waste management district; and
- 21 (2) in accordance with the annual notice of meetings published
- 22 under IC 13-21-5-2.
- 23 (e) The trustee of each township in the county shall estimate the
- 24 amount necessary to meet the cost of township assistance in the
- 25 township for the ensuing calendar year. The township board shall adopt
- 26 with the township budget a tax rate sufficient to meet the estimated cost
- 27 of township assistance. The taxes collected as a result of the tax rate
- 28 adopted under this subsection are credited to the township assistance
- 29 fund.
- 30 (f) A county shall adopt with the county budget and the department
- 31 of local government finance shall certify under section 16 of this
- 32 chapter a tax rate sufficient to raise the levy necessary to pay the
- 33 following:
- 34 ~~(1) The cost of child services (as defined in IC 12-19-7-1) of the~~
- 35 ~~county payable from the family and children's fund.~~
- 36 ~~(2) The cost of children's psychiatric residential treatment~~
- 37 ~~services (as defined in IC 12-19-7.5-1) of the county payable from~~
- 38 ~~the children's psychiatric residential treatment services fund;~~
- 39 ~~obligations described in IC 12-19-1-21.~~
- 40 A budget, tax rate, or tax levy adopted by a county fiscal body or
- 41 approved or modified by a county board of tax adjustment that is less
- 42 than the levy necessary to pay the costs described in ~~subdivision (1) or~~



(2) this subsection shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 2. IC 6-1.1-17-14, AS AMENDED BY P.L.224-2007, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body, the county board of tax adjustment (before January 1, 2009), or the county board of tax and capital projects review (after December 31, 2008) reduces

(1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance.

(2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or

(3) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.

SECTION 3. IC 6-1.1-18-3, AS AMENDED BY P.L.224-2007, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or

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any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To ~~meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1);~~ **pay the principal or interest upon an obligation described in IC 12-19-1-21.**

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) ~~To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1);~~

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment (before January 1, 2009), a county board of tax and capital projects review (after December 31, 2008), a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 4. IC 6-1.1-18.5-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed under any of the following:

(1) IC 12-16, except IC 12-16-1.

(2) IC 12-19-5, **before January 1, 2009.**

(3) IC 12-19-7, **before January 1, 2009.**

(4) IC 12-19-7.5, **before January 1, 2009.**

(5) IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under

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1 IC 12-19.

2 SECTION 5. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2007,
3 SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2009]: Sec. 2. As used in this chapter:

5 (a) "Taxpayer" means a person who is liable for taxes on property
6 assessed under this article.

7 (b) "Taxes" means property taxes payable in respect to property
8 assessed under this article. The term does not include special
9 assessments, penalties, or interest, but does include any special charges
10 which a county treasurer combines with all other taxes in the
11 preparation and delivery of the tax statements required under
12 IC 6-1.1-22-8(a).

13 (c) "Department" means the department of state revenue.

14 (d) "Auditor's abstract" means the annual report prepared by each
15 county auditor which under IC 6-1.1-22-5 is to be filed each year with
16 the auditor of state.

17 (e) "Mobile home assessments" means the assessments of mobile
18 homes made under IC 6-1.1-7.

19 (f) "Postabstract adjustments" means adjustments in taxes made
20 subsequent to the filing of an auditor's abstract which change
21 assessments therein or add assessments of omitted property affecting
22 taxes for such assessment year.

23 (g) "Total county tax levy" means the sum of:

24 (1) the remainder of:

25 (A) the aggregate levy of all taxes for all taxing units in a
26 county which are to be paid in the county for a stated
27 assessment year as reflected by the auditor's abstract for the
28 assessment year, adjusted, however, for any postabstract
29 adjustments which change the amount of the aggregate levy;
30 minus

31 (B) the sum of any increases in property tax levies of taxing
32 units of the county that result from appeals described in:

33 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
34 December 31, 1982; plus

35 (ii) the sum of any increases in property tax levies of taxing
36 units of the county that result from any other appeals
37 described in IC 6-1.1-18.5-13 filed after December 31,
38 1983; plus

39 (iii) IC 6-1.1-18.6-3 (children in need of services and
40 delinquent children who are wards of the county) (before its
41 repeal); minus

42 (C) the total amount of property taxes imposed for the stated

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assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5 (**repealed**), or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (before its repeal) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (before its repeal) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (before its repeal) or IC 20-46-2 for a special education preschool fund; plus

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(vi) IC 21-2-11.6 (before its repeal) or IC 20-46-1 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 (before its repeal) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible tuition support levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 (before its repeal) or IC 20-46-4-10 for an increase in a school corporation's maximum permissible transportation fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19-4.5 (before its repeal), including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 (before its repeal), IC 20-45-3, or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE (as effective January 1, 1990) or IC 6-1.1-18.5-19(b) STEP THREE (as effective January 1, 1990), whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) (as effective before January 1, 1989), filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of

(i) the amount of property taxes imposed in the county for the repayment of loans ~~under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (as effective January 1, 1995) for property taxes payable in 1995; or for property taxes payable in each~~

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year after 1995; the amount determined under IC 12-19-7-4(b) (as effective before March 16, 2004) and IC 12-19-7-4 (as effective after March 15, 2004); and (ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 (before its repeal) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN (as effective January 1, 1995) for property taxes payable in 1995; or the amount determined under IC 12-19-7-4(b) (as effective before March 16, 2004) and IC 12-19-7-4 (as effective after March 15, 2004) for property taxes payable in each year after 1995; **or other obligations to pay for child services (as defined in IC 12-7-2-31.7) or children's psychiatric residential treatment services (as defined in IC 12-7-2-32.5) provided before January 1, 2009; plus**

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes that each county auditor is required to prepare each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

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(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means, except as otherwise provided by law, the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) "Board" refers to the property tax replacement fund board established under section 10 of this chapter.

SECTION 6. IC 6-1.1-29-9, AS AMENDED BY P.L.224-2007, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. ~~(a) This subsection expires December 31, 2008. A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5,~~

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1 ~~IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,~~
 2 ~~and IC 36-9-13, if such an ordinance is adopted; this section governs~~
 3 ~~the treatment of tax rates, tax levies, and budgets that would otherwise~~
 4 ~~be reviewed by a county board of tax adjustment under IC 6-1.1-17.~~

5 ~~(b)~~ **(a)** This subsection applies after December 31, 2008. Subject to
 6 subsection ~~(c)~~; **(d)**, a county board of tax and capital projects review
 7 may not review or modify tax rates, tax levies, and budgets if the
 8 county council:

9 (1) adopts an ordinance to abolish the county board of tax
 10 adjustment before January 1, 2009; or

11 (2) adopts an ordinance before July 2 of any year to prohibit the
 12 county board of tax and capital projects review from carrying out
 13 such reviews.

14 An ordinance described in this subsection may not be rescinded in the
 15 year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18,
 16 ~~IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19,~~
 17 ~~IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9,~~
 18 ~~IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,~~
 19 ~~and IC 36-9-13, if such an ordinance is adopted and has not been~~
 20 ~~rescinded, this section governs the treatment of tax rates, tax levies, and~~
 21 ~~budgets that would otherwise be reviewed by a county board of tax and~~
 22 ~~capital projects review. If an ordinance described in subdivision (1) or~~
 23 ~~(2) has been adopted in a county and has not been rescinded, the county~~
 24 ~~board of tax and capital projects review may not review tax rates, tax~~
 25 ~~levies, and budgets (other than for capital projects) under~~
 26 ~~IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6,~~
 27 ~~IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11,~~
 28 ~~IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 6-1.1-29-4(a),~~
 29 ~~IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19,~~
 30 ~~IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9,~~
 31 ~~IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or~~
 32 ~~IC 36-9-13.~~

33 ~~(c)~~ **(b)** The time requirements set forth in IC 6-1.1-17 govern all
 34 filings and notices.

35 ~~(d)~~ **(c)** If an ordinance described in subsection ~~(a)~~ or (b) is adopted
 36 and has not been rescinded, a tax rate, tax levy, or budget that
 37 otherwise would be reviewed by the county board of tax adjustment
 38 (before January 1, 2009) or the county board of tax and capital projects
 39 review (after December 31, 2008) is considered and must be treated for
 40 all purposes as if the county board of tax adjustment approved the tax
 41 rate, tax levy, or budget. This includes the notice of tax rates that is
 42 required under IC 6-1.1-17-12.

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(~~e~~) (d) This section does not prohibit a county board of tax and capital projects review from reviewing tax rates, tax levies, and budgets for informational purposes as necessary to carry out its duties under IC 6-1.1-29.5.

SECTION 7. IC 6-2.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) "Retail transaction" means a transaction of a retail merchant that constitutes:

(1) selling at retail as described in IC 6-2.5-4-1; ~~that constitutes~~

(2) making a wholesale sale as described in IC 6-2.5-4-2; ~~or that is~~

(3) **a transaction** described in any other section of IC 6-2.5-4.

(b) "Retail unitary transaction" means a unitary transaction that is also a retail transaction.

SECTION 8. IC 6-2.5-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) Except as provided in subsection (b), "gross retail income" means the total gross receipts, of any kind or character, received in a retail transaction, including cash, credit, property, and services, for which tangible personal property **or a service** is sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for:

(1) the seller's cost of the property sold;

(2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(4) delivery charges; or

(5) the value of exempt:

(A) personal property; **or**

(B) **services;**

given to the purchaser where taxable and exempt personal property **or services** have been bundled together and sold by the seller as a single ~~product, or piece of merchandise.~~ **transaction.**

For purposes of subdivision (4), delivery charges are charges by the seller for preparation and delivery of the property to a location designated by the purchaser of property, including but not limited to transportation, shipping, postage, handling, crating, and packing.

(b) "Gross retail income" does not include that part of the gross receipts attributable to:

(1) the value of any tangible personal property received in a like kind exchange in the retail transaction, if the value of the property

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given in exchange is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(2) the receipts received in a retail transaction which constitute interest, finance charges, or insurance premiums on either a promissory note or an installment sales contract;

(3) discounts, including cash, terms, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale;

(4) interest, financing, and carrying charges from credit extended on the sale of personal property **or services** if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; **or**

(5) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser. **or**

~~(6) installation charges that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.~~

(c) A public utility's or a power subsidiary's gross retail income includes all gross retail income received by the public utility or power subsidiary, including any minimum charge, flat charge, membership fee, or any other form of charge or billing.

SECTION 9. IC 6-2.5-1-25.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 25.7. "Service" does not include:**

(1) a lease or rental; or

(2) labor furnished to a person by the person's employee.

SECTION 10. IC 6-2.5-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) An excise tax, known as the state gross retail tax, is imposed on retail transactions made in Indiana.

(b) The person who acquires property **or services** in a retail transaction is liable for the tax on the transaction and, except as otherwise provided in this chapter, shall pay the tax to the retail merchant as a separate added amount to the consideration in the transaction. The retail merchant shall collect the tax as agent for the state.

SECTION 11. IC 6-2.5-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. ~~For purposes of this chapter:~~ (a) **As used in this chapter, "use" means either of the following:**

(1) The exercise of any right or power of ownership over tangible personal property.

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1 **(2) To employ a service for its intended purpose.**

2 (b) **As used in this chapter**, "storage" means the keeping or
3 retention of tangible personal property in Indiana for any purpose
4 except the subsequent use of that property solely outside Indiana.

5 (c) **As used in this chapter**, "a retail merchant engaged in business
6 in Indiana" includes any retail merchant who makes retail transactions
7 in which a person acquires personal property or services for use,
8 storage, or consumption in Indiana and who:

9 (1) maintains an office, place of distribution, sales location,
10 sample location, warehouse, storage place, or other place of
11 business which is located in Indiana and which the retail
12 merchant maintains, occupies, or uses, either permanently or
13 temporarily, either directly or indirectly, and either by the retail
14 merchant or through a representative, agent, or subsidiary;

15 (2) maintains a representative, agent, ~~salesman~~, **salesperson**,
16 canvasser, or solicitor who, while operating in Indiana under the
17 authority of and on behalf of the retail merchant or a subsidiary of
18 the retail merchant, sells, delivers, installs, repairs, assembles,
19 sets up, accepts returns of, bills, invoices, or takes orders for sales
20 of tangible personal property or services to be used, stored, or
21 consumed in Indiana;

22 (3) is otherwise required to register as a retail merchant under
23 IC 6-2.5-8-1; or

24 (4) may be required by the state to collect tax under this article to
25 the extent allowed under the Constitution of the United States and
26 federal law.

27 (d) Notwithstanding any other provision of this section, tangible or
28 intangible property that is:

29 (1) owned or leased by a person that has contracted with a
30 commercial printer for printing; and

31 (2) located at the premises of the commercial printer;

32 shall not be considered to be, or to create, an office, a place of
33 distribution, a sales location, a sample location, a warehouse, a storage
34 place, or other place of business maintained, occupied, or used in any
35 way by the person. A commercial printer with which a person has
36 contracted for printing shall not be considered to be in any way a
37 representative, an agent, a ~~salesman~~, **salesperson**, a canvasser, or a
38 solicitor for the person.

39 SECTION 12. IC 6-2.5-3-2, AS AMENDED BY P.L.211-2007,
40 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2008]: Sec. 2. (a) An excise tax, known as the use tax, is
42 imposed on the storage, use, or consumption of tangible personal

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property **or a service** in Indiana if the property **or service** was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

(1) is acquired in a transaction that is an isolated or occasional sale; and

(2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility **and services provided for an addition of tangible personal property to a structure or facility**, if, after its addition, the property becomes part of the real estate on which the structure or facility is located. However, the use tax does not apply to additions of tangible personal property described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the sale or use of that property **or service**; or

(2) the ultimate purchaser or recipient of that property **or service** would have been exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property **or service** from the supplier for addition to the structure or facility.

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in this subsection, "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of

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obtaining information relevant to the potential purchase of the aircraft. Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

- (1) the aircraft is titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;
- (2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;
- (3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation; and
- (4) after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

SECTION 13. IC 6-2.5-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4. (a) The storage, use, and consumption of tangible personal property **or a service** in Indiana is exempt from the use tax if:

- (1) the property **or service** was acquired in a retail transaction in Indiana and the state gross retail tax has been paid on the acquisition of that property **or service**; or
- (2) the property **or service** was acquired in a transaction that is wholly or partially exempt from the state gross retail tax under any part of IC 6-2.5-5, except IC 6-2.5-5-24(b), and the property **or service** is being used, stored, or consumed for the purpose for which it was exempted.

(b) If a person issues a state gross retail or use tax exemption certificate for the acquisition of tangible personal property **or a service** and subsequently uses, stores, or consumes that property **or service** for a nonexempt purpose, then the person shall pay the use tax.

SECTION 14. IC 6-2.5-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. A person is entitled to a credit against the use tax imposed on the use, storage, or consumption of a particular item of tangible personal property **or a service** equal to the amount, if any, of sales tax, purchase tax, or use tax paid to another state, territory, or possession of the United States for the acquisition of that property **or service**.

SECTION 15. IC 6-2.5-3-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6. (a) For purposes of this section, "person" includes an individual who is personally liable for use tax under IC 6-2.5-9-3.

(b) The person who uses, stores, or consumes the tangible personal

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property **or service** acquired in a retail transaction is personally liable for the use tax.

(c) The person liable for the use tax shall pay the tax to the retail merchant from whom the person acquired the property **or service**, and the retail merchant shall collect the tax as an agent for the state, if the retail merchant is engaged in business in Indiana or if the retail merchant has departmental permission to collect the tax. In all other cases, the person shall pay the use tax to the department.

(d) Notwithstanding subsection (c), a person liable for the use tax imposed in respect to a vehicle, watercraft, or aircraft under section 2(b) of this chapter shall pay the tax:

(1) to the titling agency when the person applies for a title for the vehicle or the watercraft; or

(2) to the registering agency when the person registers the aircraft;

unless the person presents proof to the agency that the use tax or state gross retail tax has already been paid with respect to the purchase of the vehicle, watercraft, or aircraft or proof that the taxes are inapplicable because of an exemption under this article.

(e) At the time a person pays the use tax for the purchase of a vehicle to a titling agency pursuant to subsection (d), the titling agency shall compute the tax due based on the presumption that the sale price was the average selling price for that vehicle, as determined under a used vehicle buying guide to be chosen by the titling agency. However, the titling agency shall compute the tax due based on the actual sale price of the vehicle if the buyer, at the time the buyer pays the tax to the titling agency, presents documentation to the titling agency sufficient to rebut the presumption set forth in this subsection and to establish the actual selling price of the vehicle.

SECTION 16. IC 6-2.5-3-7, AS AMENDED BY P.L.211-2007, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. (a) A person who acquires tangible personal property **or a service** from a retail merchant for delivery **or performance** in Indiana is presumed to have acquired the property **or service** for storage, use, or consumption in Indiana. However, the person or the retail merchant can produce evidence to rebut that presumption.

(b) A retail merchant is not required to produce evidence of nontaxability under subsection (a) if the retail merchant receives from the person who acquired the property **or service** an exemption certificate which certifies, in the form prescribed by the department, that the acquisition is exempt from the use tax.

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(c) A retail merchant that sells tangible personal property **or a service** to a person that purchases the tangible personal property **or service** for use or consumption in providing public transportation under IC 6-2.5-5-27 may verify the exemption by obtaining the person's:

(1) name;

(2) address; and

(3) motor carrier number, United States Department of Transportation number, or any other identifying number authorized by the department.

The person engaged in public transportation shall provide a signature to affirm under penalties of perjury that the information provided to the retail merchant is correct and that the tangible personal property **or service** is being purchased for an exempt purpose.

SECTION 17. IC 6-2.5-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. (a) When a retail merchant collects the use tax from a person, ~~he~~ **the retail merchant** shall, upon request, issue a receipt to that person for the use tax collected.

(b) If the department assesses the use tax against a person for the person's storage, use, or consumption of tangible personal property **or a service** in Indiana, and if the person has already paid the use tax in relation to that property **or service** to a retail merchant who is registered under IC 6-2.5-6, to the department, or, in the case of a vehicle or aircraft, to the proper state agency, then the person may avoid paying the use tax to the department if ~~he~~ **the person** can produce a receipt or other written evidence showing that ~~he~~ **the person** has so made the use tax payment.

SECTION 18. IC 6-2.5-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) A person is a retail merchant making a retail transaction when ~~he~~ **the person** engages in selling at retail.

(b) A person is engaged in selling at retail when, in the ordinary course of ~~his~~ **the person's** regularly conducted trade or business, ~~he~~ **the person does either of the following:**

(1) **The person:**

(A) acquires tangible personal property for the purpose of resale; and

~~(2)~~ (B) transfers that property to another person for consideration.

(2) **The person performs a service for another person for consideration.**

(c) For purposes of determining what constitutes selling at retail, it

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does not matter whether:

(1) the property is transferred in the same form as when it was acquired;

(2) the property is transferred **or the service is performed** alone or in conjunction with other property or services; or

(3) the property is transferred **or the service is performed** conditionally or otherwise.

(d) Notwithstanding subsection (b), a person is not selling at retail if ~~he~~ **the person** is making a wholesale sale as described in section 2 of this chapter.

(e) The gross retail income received from selling at retail is only taxable under this article to the extent that the income represents

~~(1) the price of the property transferred without the rendition of any or the service and~~

~~(2) except as provided in subsection (g); any bona fide charges which are made for preparation, fabrication, alteration, modification, finishing, completion, delivery, or other service performed in respect to the property transferred before its transfer and which are separately stated on the transferor's records.~~

For purposes of this subsection, a transfer is considered to have occurred after delivery of the property to the purchaser: **performed by the seller.**

(f) Notwithstanding subsection (e):

(1) in the case of retail sales of gasoline (as defined in IC 6-6-1.1-103) and special fuel (as defined in IC 6-6-2.5-22), the gross retail income received from selling at retail is the total sales price of the gasoline or special fuel minus the part of that price attributable to tax imposed under IC 6-6-1.1, IC 6-6-2.5, or Section 4041(a) or Section 4081 of the Internal Revenue Code; and

(2) in the case of retail sales of cigarettes (as defined in IC 6-7-1-2), the gross retail income received from selling at retail is the total sales price of the cigarettes including the tax imposed under IC 6-7-1.

~~(g) Gross retail income does not include income that represents charges for serving or delivering food and food ingredients furnished, prepared, or served for consumption at a location, or on equipment, provided by the retail merchant. However, the exclusion under this subsection only applies if the charges for the serving or delivery are stated separately from the price of the food and food ingredients when the purchaser pays the charges.~~

SECTION 19. IC 6-2.5-4-2 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) A person is a
 2 retail merchant making a retail transaction when ~~he~~ **the person** is
 3 making wholesale sales.

4 (b) For purposes of this section, a person is making wholesale sales
 5 when ~~he~~ **the person**:

6 (1) sells tangible personal property other than capital assets or
 7 depreciable property, to a person who purchases the property for
 8 the purpose of reselling it without changing its form;

9 (2) sells tangible personal property to a person who purchases the
 10 property **or service** for direct consumption as a material in the
 11 direct production of other tangible personal property produced by
 12 the person in ~~his~~ **the person's** business of manufacturing,
 13 processing, refining, repairing, mining, agriculture, or
 14 horticulture;

15 (3) sells tangible personal property to a person who purchases the
 16 property for incorporation as a material or integral part of tangible
 17 personal property produced by the person in ~~his~~ **the person's**
 18 business of manufacturing, assembling, constructing, refining, or
 19 processing;

20 (4) sells drugs, medical or dental preparations, or other similar
 21 materials to a person who purchases the materials for direct
 22 consumption in professional use by a physician, hospital,
 23 embalmer, funeral director, or tonsorial parlor;

24 (5) sells tangible personal property to a person who purchases the
 25 property for direct consumption in ~~his~~ **the person's** business of
 26 industrial cleaning; or

27 (6) sells tangible personal property to a person who purchases the
 28 property for direct consumption in the person's business in the
 29 direct rendering of public utility service.

30 (c) Notwithstanding any provision of this article, a person is not
 31 making a retail transaction when ~~he~~ **the person**:

32 (1) acquires tangible personal property owned by another person;

33 (2) provides industrial processing or servicing, including
 34 enameling or plating, on the property; and

35 (3) transfers the property back to the owner to be sold by that
 36 owner either in the same form or as a part of other tangible
 37 personal property produced by that owner in ~~his~~ **the person's**
 38 business of manufacturing, assembling, constructing, refining, or
 39 processing.

40 SECTION 20. IC 6-2.5-4-3 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. ~~(a)~~ A person is a
 42 retail merchant making a retail transaction when ~~he~~ **the person**

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regularly and occupationally engages in the business of softening and conditioning water.

~~(b) For purposes of this section, the business of softening and conditioning water includes the exchange of water softening and conditioning tanks in the ordinary course of the business, but does not include the preparatory plumbing and work necessary for the first installation of tanks.~~

SECTION 21. IC 6-2.5-4-5, AS AMENDED BY P.L.32-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) As used in this section, a "power subsidiary" means a corporation which is owned or controlled by one (1) or more public utilities that furnish or sell electrical energy, natural or artificial gas, water, steam, or steam heat and which produces power exclusively for the use of those public utilities.

(b) A power subsidiary or a person engaged as a public utility is a retail merchant making a retail transaction when the subsidiary or person furnishes or sells electrical energy, natural or artificial gas, water, steam, or steam heating service to a person for commercial or domestic consumption.

(c) Notwithstanding subsection (b), a power subsidiary or a person engaged as a public utility is not a retail merchant making a retail transaction in any of the following transactions:

~~(1) The power subsidiary or person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of the services or commodities listed in subsection (b).~~

~~(2) (1) The power subsidiary or person sells the services or commodities listed in subsection (b) to another public utility or power subsidiary described in this section or a person described in section 6 of this chapter.~~

~~(3) (2) The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, refining, oil extraction, mineral extraction, irrigation, agriculture, or horticulture. However, this exclusion for sales of the services and commodities only applies if the services are consumed as an essential and integral part of an integrated process that produces tangible personal property and those sales are separately metered for the excepted uses listed in this subdivision, or if those sales are not separately metered but are predominately used by the purchaser for the excepted uses listed in this subdivision.~~

~~(4) (3) The power subsidiary or person sells the services or~~

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1 commodities listed in subsection (b) and all the following
2 conditions are satisfied:

3 (A) The services or commodities are sold to a business that
4 after June 30, 2004:

5 (i) relocates all or part of its operations to a facility; or

6 (ii) expands all or part of its operations in a facility;

7 located in a military base (as defined in IC 36-7-30-1(c)), a
8 military base reuse area established under IC 36-7-30, the part
9 of an economic development area established under
10 IC 36-7-14.5-12.5 that is or formerly was a military base (as
11 defined in IC 36-7-30-1(c)), a military base recovery site
12 designated under IC 6-3.1-11.5, or a qualified military base
13 enhancement area established under IC 36-7-34.

14 (B) The business uses the services or commodities in the
15 facility described in clause (A) not later than five (5) years
16 after the operations that are relocated to the facility or
17 expanded in the facility commence.

18 (C) The sales of the services or commodities are separately
19 metered for use by the relocated or expanded operations.

20 (D) In the case of a business that uses the services or
21 commodities in a qualified military base enhancement area
22 established under IC 36-7-34-4(1), the business must satisfy at
23 least one (1) of the following criteria:

24 (i) The business is a participant in the technology transfer
25 program conducted by the qualified military base (as defined
26 in IC 36-7-34-3).

27 (ii) The business is a United States Department of Defense
28 contractor.

29 (iii) The business and the qualified military base have a
30 mutually beneficial relationship evidenced by a
31 memorandum of understanding between the business and
32 the United States Department of Defense.

33 (E) In the case of a business that uses the services or
34 commodities in a qualified military base enhancement area
35 established under IC 36-7-34-4(2), the business must satisfy at
36 least one (1) of the following criteria:

37 (i) The business is a participant in the technology transfer
38 program conducted by the qualified military base (as defined
39 in IC 36-7-34-3).

40 (ii) The business and the qualified military base have a
41 mutually beneficial relationship evidenced by a
42 memorandum of understanding between the business and

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the qualified military base (as defined in IC 36-7-34-3).

However, this subdivision does not apply to a business that substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations in an area described in this subdivision, unless the department determines that the business had existing operations in the area described in this subdivision and that the operations relocated to the area are an expansion of the business's operations in the area.

~~(5)~~ **(4)** The power subsidiary or person sells services or commodities that:

(A) are referred to in subsection (b); and

~~(B) qualify as home energy (as defined in IC 6-2.5-5-16.5); to a person who acquires the services or commodities after June 30, 2006, and before July 1, 2009, through home energy assistance (as defined in IC 6-2.5-5-16.5);~~

(B) are purchased by a person for consumption in the person's residence.

SECTION 22. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property ~~which:~~ **or services that:**

(1) ~~is are~~ to be added to a structure or facility **or used to add tangible personal property to a structure or facility** by the purchaser; and

(2) after ~~its the~~ addition to the structure or facility, **the tangible personal property** would become a part of the real estate on which the structure or facility is located.

(b) Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.

SECTION 23. IC 6-2.5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 10. (a) A person, other than a public utility, is a retail merchant making a retail transaction when ~~he the person~~ rents or leases tangible personal property to another person other than for subrent or sublease.

(b) A person is a retail merchant making a retail transaction when the person sells any tangible personal property which has been rented or leased in the regular course of the person's rental or leasing business.

~~(c) Notwithstanding subsection (a), a person is not a retail merchant~~

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making a retail transaction when the person rents or leases motion picture film, audio tape, or video tape to another person. However, this exclusion only applies if:

- (1) the person who pays to rent or lease the film charges admission to those who view the film; or
- (2) the person who pays to rent or lease the film or tape broadcasts the film or tape for home viewing or listening.

SECTION 24. IC 6-2.5-4-11, AS AMENDED BY P.L.2-2005, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 11. (a) A person is a retail merchant making a retail transaction when the person furnishes cable television or radio service or satellite television or radio service that terminates in Indiana.

(b) ~~Notwithstanding subsection (a);~~ A person is ~~not~~ a retail merchant making a retail transaction when the person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of cable television or radio service or satellite television or radio service.

SECTION 25. IC 6-2.5-5-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4.5. (a) **Except as otherwise provided in this section, transactions involving the performance of a service are exempt from the state gross retail tax if a person purchases the service:**

- (1) **for the person's direct use in the production of food and food ingredients or commodities for sale or for further use in the production of food and food ingredients or commodities for sale;**
- (2) **for the person's direct use in the direct production of the machinery, tools, or equipment described in section 2 or 3 of this chapter;**
- (3) **in a transaction in which the person also acquires tangible personal property that is exempt under section 5.1 of this chapter;**
- (4) **for incorporating tangible personal property purchased in a transaction that is exempt under section 6 of this chapter as a material part of other tangible personal property;**
- (5) **for incorporating tangible personal property purchased in a transaction that is exempt under section 7 of this chapter as a material or an integral part of a public street or of a public water, sewage, or other utility service;**
- (6) **as a production plant or power production expense as classified by the uniform system of accounts that was adopted**

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and prescribed for the person by the Indiana utility regulatory commission;

(7) as a production plant, a storage plant, a production, or an underground storage expense as classified by the uniform system of accounts that was adopted and prescribed for the person by the Indiana utility regulatory commission;

(8) classified as source of supply plant expense, a pumping plant expense, or a water treatment plant expense as classified by the uniform system of accounts that was adopted and prescribed for the person by the Indiana utility regulatory commission;

(9) for direct use in the incorporation of tangible personal property into a school building that is being constructed by a lessor corporation in accordance with a lease executed under IC 20-47-2 or IC 20-47-3;

(10) for incorporating personal property into a device, facility, or structure predominantly used and acquired for the purpose of complying with state, local, or federal environmental quality laws, rules, regulations, or standards; or

(11) for direct use in the person's ordinary course of business if the person is in the business of providing taxable services to other persons.

(b) Transactions involving the performance of a service are exempt from the state gross retail tax if the person purchasing the service is:

(1) a municipally owned utility;

(2) a utility owned or operated by a special district; or

(3) a public utility owned or operated by a not-for-profit corporation incorporated under:

(A) the Indiana General Not for Profit Corporation Act (Acts 1935, Chapter 157, as amended), notwithstanding its repeal;

(B) the Indiana Not-for-Profit Corporation Act of 1971 (IC 23-7-1.1), notwithstanding its repeal; or

(C) IC 23-17.

(c) A transaction described in subsection (a)(1) is not exempt from the state gross retail tax unless the person purchasing the service is occupationally engaged in the production of food and food ingredients or commodities that the person sells for human or animal consumption or uses for further food and food ingredient or commodity production.

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(d) A transaction described in subsection (a)(6) is not exempt from the state gross retail tax unless the person purchasing the service is a public utility or a power subsidiary described in section 10(2) of this chapter.

(e) A transaction described in subsection (a)(7) is not exempt from the state gross retail tax unless the person purchasing the service is a public utility that furnishes or sells natural or artificial gas in a retail transaction described in IC 6-2.5-4-5.

(f) A transaction described in subsection (a)(8) is not exempt from the state gross retail tax unless the person purchasing the service is a public utility that furnishes or sells water in a retail transaction described in IC 6-2.5-4-5.

(g) A transaction described in subsection (a)(10) is not exempt from the state gross retail tax unless the person purchasing the service is engaged in the business of manufacturing, processing, refining, mining, or agriculture.

SECTION 26. IC 6-2.5-5-4.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 4.7. Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for the person's use in the ordinary course of the person's business if the person is in the business of providing taxable services to other persons.**

SECTION 27. IC 6-2.5-5-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 5.1. (a)** As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption:

- (1) as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture; ~~This or~~
- (2) to light, heat, cool, fuel, or provide power or water to the person's residence.

(c) The exemption described in subsection (b)(1) includes transactions involving acquisitions of tangible personal property used in commercial printing.

SECTION 28. IC 6-2.5-5-19.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 19.7. Sales of any of the following**

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health or mental health services are exempt from the state gross retail tax:

- (1) Preventive care.
- (2) Inpatient and outpatient hospital and physician care.
- (3) Diagnostic laboratory care.
- (4) Diagnostic and therapeutic radiological services.
- (5) Emergency care.
- (6) Mental health services.
- (7) Services for alcohol and drug abuse.
- (8) Dental services.
- (9) Vision services.
- (10) Long term rehabilitation treatment.
- (11) Home health services.

SECTION 29. IC 6-2.5-5-21, AS AMENDED BY P.L.2-2007, SECTION 119, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21. (a) For purposes of this section, "private benefit or gain" does not include reasonable compensation paid to an employee for work or services actually performed.

(b) Sales of food, ~~and~~ food ingredients, **and food delivery services** are exempt from the state gross retail tax if:

(1) the seller meets the filing requirements under subsection (d) and is any of the following:

(A) A fraternity, a sorority, or a student cooperative housing organization that is connected with and under the supervision of a postsecondary educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

- (i) institution;
- (ii) trust;
- (iii) group;
- (iv) united fund;
- (v) affiliated agency of a united fund;
- (vi) nonprofit corporation;
- (vii) cemetery association; or
- (viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or

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as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:

(i) hospital licensed by the state department of health;
 (ii) shared hospital services organization exempt from federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;

(iii) labor union;

(iv) church;

(v) monastery;

(vi) convent;

(vii) school that is a part of the Indiana public school system;

(viii) parochial school regularly maintained by a recognized religious denomination; or

(ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each other;

if the taxpayer is not organized or operated for private profit or gain;

(2) the purchaser is a person confined to ~~his~~ **the purchaser's** home because of age, sickness, or infirmity;

(3) the seller delivers the food and food ingredients to the purchaser; and

(4) the delivery is prescribed as medically necessary by a physician licensed to practice medicine in Indiana.

(c) Sales of food, ~~and~~ food ingredients, **and food delivery services** are exempt from the state gross retail tax if the seller is an organization described in subsection (b)(1), and the purchaser is a patient in a hospital operated by the seller.

(d) To obtain the exemption provided by this section, a taxpayer must file an application for exemption with the department:

(1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or

(2) not later than one hundred twenty (120) days after the taxpayer's formation.

In addition, the taxpayer must file an annual report with the department on or before the fifteenth day of the fifth month following the close of each taxable year. If a taxpayer fails to file the report, the department shall notify the taxpayer of the failure. If within sixty (60) days after receiving such notice the taxpayer does not provide the report, the taxpayer's exemption shall be canceled. However, the department may

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reinstates the taxpayer's exemption if the taxpayer shows by petition that the failure was due to excusable neglect.

SECTION 30. IC 6-2.5-5-21.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21.5. Sales of food, ~~and~~ food ingredients, **and the delivery of food and food ingredients** prescribed as medically necessary by a physician licensed to practice medicine in Indiana are exempt from the state gross retail tax if:

(1) a registered pharmacist makes the sale upon the prescription of a practitioner who is licensed to practice medicine in Indiana; or

(2) the licensed practitioner makes the sale of the food, ~~and~~ food ingredients, **or the delivery of the food and food ingredients** described in this section.

SECTION 31. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 26. (a) Sales of tangible personal property **or services** are exempt from the state gross retail tax, if:

(1) the seller is an organization that is described in section 21(b)(1) of this chapter;

(2) the organization makes the sale to make money to carry on a not-for-profit purpose; and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property **or services** are exempt from the state gross retail tax, if:

(1) the seller is an organization described in section 21(b)(1) of this chapter;

(2) the seller is not operated predominantly for social purposes;

(3) the property **or service** sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

(4) the property **or service** sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property **or noneducational services**.

SECTION 32. IC 6-2.5-5-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 33. Sales of tangible personal property **or services** purchased with food stamps are exempt from the state gross retail tax.

SECTION 33. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006,

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SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2,
IS CORRECTED AND AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2008]: Sec. 9. (a) In determining the amount of
state gross retail and use taxes which a retail merchant must remit
under section 7 of this chapter, the retail merchant shall, subject to
subsections (c) and (d), deduct from the retail merchant's gross retail
income from retail transactions made during a particular reporting
period, an amount equal to the retail merchant's receivables which:

- (1) resulted from retail transactions in which the retail merchant
did not collect the state gross retail or use tax from the purchaser;
- (2) resulted from retail transactions on which the retail merchant
has previously paid the state gross retail or use tax liability to the
department; and
- (3) were written off as an uncollectible debt for federal tax
purposes under Section 166 of the Internal Revenue Code during
the particular reporting period.

(b) If a retail merchant deducts a receivable under subsection (a)
and subsequently collects all or part of that receivable, then the retail
merchant shall, subject to subsection (d)(6), include the amount
collected as part of the retail merchant's gross retail income from retail
transactions for the particular reporting period in which the retail
merchant makes the collection.

(c) This subsection applies only to retail transactions occurring after
~~June 30, 2007.~~ *December 31, 2006.* As used in this subsection,
"affiliated group" means any combination of the following:

- (1) An affiliated group within the meaning provided in Section
1504 of the Internal Revenue Code (except that the ownership
percentage in Section 1504(a)(2) of the Internal Revenue Code
shall be determined using fifty percent (50%) instead of eighty
percent (80%)) *or a relationship described in Section 267(b)(11)
of the Internal Revenue Code.*
- (2) Two (2) or more partnerships (as defined in IC 6-3-1-19),
including limited liability companies and limited liability
partnerships, that have the same degree of mutual ownership as
an affiliated group described in subdivision (1), as determined
under the rules adopted by the department.

The right to a deduction under this section is not assignable to an
individual or entity that is not part of the same affiliated group as the
assignor.

(d) The following provisions apply to a deduction for a receivable
treated as uncollectible debt under subsection (a):

- (1) The deduction does not include interest.

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(2) The amount of the deduction shall be determined in the manner provided by Section 166 of the Internal Revenue Code for bad debts but shall be adjusted to exclude:

(A) financing charges or interest;

(B) sales or use taxes charged on the purchase price;

(C) uncollectible amounts on property that remain in the possession of the seller **or a service that is not delivered** until the full purchase price is paid;

(D) expenses incurred in attempting to collect any debt; and

(E) repossessed property.

(3) The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subdivision, a claimant who is not required to file federal income tax returns may deduct an uncollectible receivable on a return filed for the period in which the receivable is written off as uncollectible in the claimant's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the claimant were required to file a federal income tax return.

(4) If the amount of uncollectible receivables claimed as a deduction by a retail merchant for a particular reporting period exceeds the amount of the retail merchant's taxable sales for that reporting period, the retail merchant may file a refund claim under IC 6-8.1-9. However, the deadline for the refund claim shall be measured from the due date of the return for the reporting period on which the deduction for the uncollectible receivables could first be claimed.

(5) If a retail merchant's filing responsibilities have been assumed by a certified service provider (as defined in IC 6-2.5-11-2), the certified service provider may claim, on behalf of the retail merchant, any deduction or refund for uncollectible receivables provided by this section. The certified service provider must credit or refund the full amount of any deduction or refund received to the retail merchant.

(6) For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable price of the property **or service** and the state gross retail tax or use tax thereon, and secondly to interest, service charges, and any other charges.

(7) A retail merchant claiming a deduction for an uncollectible

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receivable may allocate that receivable among the states that are members of the streamlined sales and use tax agreement if the books and records of the retail merchant support that allocation.

SECTION 34. IC 6-2.5-7-5, AS AMENDED BY P.L.182-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) Each retail merchant who dispenses gasoline or special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:

(1) The total number of gallons of gasoline sold from a metered pump during the period covered by the report.

(2) The total amount of money received from the sale of gasoline described in subdivision (1) during the period covered by the report.

(3) That portion of the amount described in subdivision (2) which represents state and federal taxes imposed under this article, IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

(4) The total number of gallons of special fuel sold from a metered pump during the period covered by the report.

(5) The total amount of money received from the sale of special fuel during the period covered by the report.

(6) That portion of the amount described in subdivision (5) that represents state and federal taxes imposed under this article, IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

(7) The total number of gallons of E85 sold from a metered pump during the period covered by the report.

(b) Concurrently with filing the report, the retail merchant shall remit the state gross retail tax in an amount which equals five and sixty-six hundredths percent (5.66%) of the gross receipts, including state gross retail taxes but excluding Indiana and federal gasoline and special fuel taxes, received by the retail merchant from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which ~~he~~ **the retail merchant** has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c) **and** IC 6-2.5-6-10. ~~and IC 6-2.5-6-11.~~

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) the amount determined under STEP THREE of the following formula:

STEP ONE: Determine:

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1 (A) the sum of the prepayment amounts made during the
 2 period covered by the retail merchant's report; minus
 3 (B) the sum of prepayment amounts collected by the retail
 4 merchant, in the merchant's capacity as a qualified distributor,
 5 during the period covered by the retail merchant's report.
 6 STEP TWO: Subject to subsection (d), for reporting periods
 7 ending before July 1, 2020, determine the product of:
 8 (A) eighteen cents (\$0.18); multiplied by
 9 (B) the number of gallons of E85 sold at retail by the retail
 10 merchant during the period covered by the retail merchant's
 11 report.
 12 STEP THREE: Add the amounts determined under STEPS ONE
 13 and TWO.
 14 For purposes of this section, a prepayment of the gross retail tax is
 15 presumed to occur on the date on which it is invoiced.
 16 (d) The total amount of deductions allowed under subsection (c)
 17 STEP TWO may not exceed one million dollars (\$1,000,000) for all
 18 retail merchants in all reporting periods. A retail merchant is not
 19 required to apply for an allocation of deductions under subsection (c)
 20 STEP TWO. If the department determines that the sum of:
 21 (1) the deductions that would otherwise be reported under
 22 subsection (c) STEP TWO for a reporting period; plus
 23 (2) the total amount of deductions granted under subsection (c)
 24 STEP TWO in all preceding reporting periods;
 25 will exceed one million dollars (\$1,000,000), the department shall
 26 publish in the Indiana Register a notice that the deduction program
 27 under subsection (c) STEP TWO is terminated after the date specified
 28 in the notice and that no additional deductions will be granted for retail
 29 transactions occurring after the date specified in the notice.
 30 SECTION 35. IC 6-2.5-8-3 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) A manufacturer
 32 or wholesaler may register with the department as a purchaser of
 33 property **or services** in exempt transactions. A manufacturer or
 34 wholesaler wishing to register must apply in the same manner and pay
 35 the same fee as a retail merchant under section 1 of this chapter.
 36 (b) Upon receiving the application and fee, the department may
 37 issue a manufacturer's or wholesaler's certificate for each place of
 38 business listed on the application. Each certificate shall contain a serial
 39 number and the location of the place of business for which it is issued.
 40 SECTION 36. IC 6-2.5-8-4 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4. (a) An organization
 42 exempt from the state gross retail tax under IC 6-2.5-5-21,

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IC 6-2.5-5-25, or IC 6-2.5-5-26 may register with the department as a purchaser of property **or services** in exempt transactions. An exempt organization wishing to register must file an application listing its principal location, but the organization is not required to pay the fee.

(b) Upon receiving the application, the department may issue an exempt organization certificate containing a serial number and the principal location of the exempt organization.

SECTION 37. IC 6-2.5-10-1, AS AMENDED BY P.L.234-2007, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) ~~Fifty~~ **Forty-three and ninety-six hundredths** percent (~~50%~~ **(43.96%)**) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) ~~Forty-nine and sixty-seven thousandths~~ **Fifty-five and twenty-two hundredths** percent (~~49.067%~~ **(55.22%)**) of the collections shall be paid into the state general fund.

(3) ~~Seventy-six~~ **Sixty-seven** hundredths of one percent (~~0.76%~~ **(0.67%)**) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(4) ~~Thirty-three thousandths~~ **Three-hundredths** of one percent (~~0.033%~~ **(0.03%)**) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(5) ~~Fourteen-hundredths~~ **Twelve-hundredths** of one percent (~~0.14%~~ **(0.12%)**) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 38. IC 6-3.5-1.1-15, AS AMENDED BY P.L.224-2007, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

(1) the allocation amount of the civil taxing unit for that calendar year; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) in the case of a county, an amount equal to:

(**A**) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**

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(B) after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

(B) the sum of the attributed allocation amounts of all the civil taxing units of the county during that calendar year.

STEP TWO: Multiply the part of the county's certified distribution that is to be used as certified shares by the STEP ONE amount.

(c) The local government tax control board established by IC 6-1.1-18.5-11 (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (a)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The local government tax control board (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 39. IC 6-3.5-6-1.1, AS ADDED BY P.L.207-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

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STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to:

- (A) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**
- (B) after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008.**

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual

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amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

SECTION 40. IC 6-3.5-6-18.5, AS AMENDED BY P.L.234-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil

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taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	\$1,898,145
Decatur Township	\$164,103
Franklin Township	\$173,934
Lawrence Township	\$890,086
Perry Township	\$854,544
Pike Township	\$1,410,375
Warren Township	\$1,027,721
Washington Township	\$1,017,890
Wayne Township	\$988,397
Lawrence-City	\$648,848
Beech Grove	\$639,017
Southport	\$18,906
Speedway	\$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5, IC 12-19-7 (**before January 1, 2009**), and IC 12-19-7.5 (**before January 1, 2009**) for each civil taxing unit for the calendar year in which the month falls, plus, for a county, an amount equal to:

(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**

(ii) **after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008; divided by**

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5, IC 12-19-7 (**before January 1, 2009**),

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and IC 12-19-7.5 (**before January 1, 2009**) for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to:

- (i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**
- (ii) **after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008.**

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit, determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit, determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

- (A) the maximum permissible property tax levy under IC 6-1.1-18.5, IC 12-19-7 (**before January 1, 2009**), and IC 12-19-7.5 (**before January 1, 2009**) for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to:

- (i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**
- (ii) **after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008;** divided by

- (B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5, IC 12-19-7 (**before January 1, 2009**), and IC 12-19-7.5 (**before January 1, 2009**) for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to:

- (i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**
- (ii) **after 2008, the total of each child welfare levy (as**

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defined in IC 12-7-2-31.9) imposed by the county in 2008.

SECTION 41. IC 6-3.5-7-12, AS AMENDED BY P.L.232-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 12. (a) Except as provided in sections 23, 25, 26, 27, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county ~~is~~ **are** entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; **plus**

(C) After 2008, an amount equal to the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund **plus after 2008, the total of each child welfare levy (as defined in IC 12-7-2-31.9) imposed by the county in 2008.**

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county ~~is~~ **are** entitled to receive during May and

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November of each year equals the product of:

(A) the amount of the certified distribution for the month;
multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

SECTION 42. IC 6-5.5-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all

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the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection (c), the department of local government finance shall determine a state welfare allocation for each county calculated as follows:

(1) ~~For 2000 and each year thereafter,~~ **In each year before 2009,** the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by

(B) the amounts appropriated by all the taxing units in the county in the year.

STEP TWO: Determine the sum of the results determined in STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under ~~this subsection (b)~~ without regard to this subdivision.

STEP FIVE: Determine the result of:

(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

(2) For 2009 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by

(B) the amounts appropriated by all the taxing units in the county in the year.

STEP TWO: Determine the sum of the results determined in STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection without regard to this subdivision.

STEP FIVE: Determine the result of:

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(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

STEP SIX: For 2006, 2007, and 2008, determine the result of:

(A) the amounts appropriated by the county in the year from the county's child welfare levy (as defined in IC 12-7-2-31.9); divided by

(B) the amounts appropriated by all the taxing units in the county in the year.

STEP SEVEN: Determine the sum of the results determined in STEP SIX.

STEP EIGHT: Divide the STEP SEVEN result by three (3).

STEP NINE: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection after subtracting the amount determined under STEP FIVE.

STEP TEN: Determine the product of:

(A) the STEP NINE amount; multiplied by

(B) the STEP EIGHT result.

STEP ELEVEN: Add the STEP FIVE result and the STEP TEN result.

~~(2)~~ (3) The state welfare allocation shall be deducted from the distributions otherwise payable under subsection (c) to the taxing unit that is a county and shall be deposited in a special account within the state general fund.

(c) A taxing unit's guaranteed distribution for a year is the greater of zero (0) or an amount equal to:

(1) the amount received by the taxing unit under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; minus

(2) the amount to be received by the taxing unit in the year of the distribution, as determined by the department of local government finance, from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee; minus

(3) in the case of a taxing unit that is a county, the amount that would have been received by the taxing unit in the year of the distribution, as determined by the department of local government finance from property taxes: ~~that:~~

(A) ~~that:~~

(i) for 2000 and each year thereafter, were calculated for

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the county's county welfare fund and county welfare administration fund for 2000 but were not imposed because of the repeal of IC 12-19-3 and IC 12-19-4; and

(ii) for 2009 and each year thereafter, would have been calculated for the county's child welfare funds (as described in IC 12-7-2-31.9) for 2009 but are not imposed because of the termination of the county's authority to impose child welfare funds (as described in IC 12-7-2-31.9) after 2008; and

(B) **that** would have been attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.

(d) The amount of the supplemental distribution for a county for a year shall be determined using the following formula:

STEP ONE: Determine the greater of zero (0) or the difference between:

(A) one-half (1/2) of the taxes that the department estimates will be paid under this article during the year; minus

(B) the sum of all the guaranteed distributions, before the subtraction of all state welfare allocations under subsection (a), for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection (c)(2) for the year.

STEP TWO: Determine the quotient of:

(A) the amount received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in the county; divided by

(B) the sum of the amounts received under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units in all counties.

STEP THREE: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the amount determined in STEP TWO.

STEP FOUR: Determine the greater of zero (0) or the difference between:

(A) the amount of supplemental distribution determined in STEP THREE for the county; minus

(B) the amount of refunds granted under IC 6-5-10-7 (repealed) that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13 (repealed).

For the supplemental distribution made on or before August 1 of each

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year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.

(e) Except as provided in subsection (g), the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (d), STEP FOUR.

(f) The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

(g) The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced by an amount equal to:

(1) the amount the county would receive under subsection (e) without regard to this subsection; minus

(2) an amount equal to:

(A) the amount under subdivision (1); multiplied by

(B) the result of the following:

(i) Determine the amounts appropriated by the county in 1997, 1998, and 1999, from the county's county welfare fund and county welfare administration fund, divided by the total amounts appropriated by all the taxing units in the county in the year.

(ii) Divide the amount determined in item (i) by three (3).

(iii) Determine the amounts appropriated by the county in 2006, 2007, and 2008, for the county's child welfare funds (as described in IC 12-7-2-31.9), divided by the total amounts appropriated by all the taxing units in the county in the year.

(iv) Divide the amount determined in item (iii) by three (3).

(v) Add the amount determined under item (ii) plus the amount determined under item (iv).

SECTION 43. IC 6-8.1-1-1, AS AMENDED BY P.L.233-2007,

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SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); **public safety user fees (IC 36-8.5)**; and any other tax or fee that the department is required to collect or administer.

SECTION 44. IC 6-8.1-3-7.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7.2. (a) "Eligible entity" has the meaning set forth in IC 36-8.5-1-2.

(b) "Fiscal officer" has the meaning set forth in IC 36-1-2-7.

(c) The fiscal officer of an eligible entity shall enter into an agreement with the department to furnish the department annually with:

(1) the name of each qualified user paying the public safety user fee imposed under IC 36-8.5; and

(2) the amount of money collected from each qualified user.

(d) The agreement must provide that the fiscal officer must

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1 provide the information in an electronic format that the
2 department can use.

3 (e) The department shall furnish the department of local
4 government finance with a copy of each report received under this
5 section.

6 SECTION 45. IC 12-7-2-31.7 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JANUARY 1, 2009]: Sec. 31.7. "Child services"
9 means the following:

10 (1) Child welfare services specifically provided for children
11 who are:

12 (A) adjudicated to be:

13 (i) children in need of services; or

14 (ii) delinquent children; or

15 (B) recipients of or eligible for:

16 (i) informal adjustments;

17 (ii) service referral agreements; and

18 (iii) adoption assistance;

19 including the costs of using an institution or facility in Indiana
20 for providing educational services as described in
21 IC 20-33-2-29 (if applicable) or IC 20-26-11-13 (if applicable),
22 all services required to be paid by a county under
23 IC 31-40-1-2, and all costs required to be paid by a county
24 under IC 20-26-11-12.

25 (2) Assistance awarded by a county to a destitute child under
26 IC 31-26-2.

27 (3) Child welfare services as described in IC 31-26-3.

28 SECTION 46. IC 12-7-2-31.9 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE JANUARY 1, 2009]: Sec. 31.9. "Child welfare levy"
31 refers to an ad valorem property tax levy imposed before January
32 1, 2009, for any of the following funds:

33 (1) County family and children's fund.

34 (2) Children's psychiatric residential treatment services fund.

35 (3) County medical assistance to wards fund.

36 (4) Children with special healthcare needs county fund.

37 SECTION 47. IC 12-7-2-32.5 IS ADDED TO THE INDIANA
38 CODE AS A NEW SECTION TO READ AS FOLLOWS
39 [EFFECTIVE JANUARY 1, 2009]: Sec. 32.5. "Children's psychiatric
40 residential treatment services" means services that are:

41 (1) eligible for federal financial participation under the state
42 Medicaid plan; and

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(2) provided to individuals less than twenty-one (21) years of age who are:

- (A) eligible for services under the state Medicaid plan;
- (B) approved by the office for admission to and treatment in a private psychiatric residential treatment facility; and
- (C) residing in a private psychiatric residential facility for purposes of treatment for a mental health condition, based on an approved treatment plan that complies with applicable federal and state Medicaid rules and regulations.

SECTION 48. IC 12-7-2-64, AS AMENDED BY P.L.1-2007, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 64. "Director" refers to the following:

- (1) With respect to a particular division, the director of the division.
- (2) With respect to a particular state institution, the director who has administrative control of and responsibility for the state institution.
- (3) For purposes of IC 12-10-15, the term refers to the director of the division of aging.
- ~~(4) For purposes of IC 12-19-5, the term refers to the director of the department of child services established by IC 31-25-1-1.~~
- ~~(5)~~ (4) For purposes of IC 12-25, the term refers to the director of the division of mental health and addiction.
- ~~(6)~~ (5) For purposes of IC 12-26, the term:
 - (A) refers to the director who has administrative control of and responsibility for the appropriate state institution; and
 - (B) includes the director's designee.
- ~~(7)~~ (6) If subdivisions (1) through ~~(6)~~ (5) do not apply, the term refers to the director of any of the divisions.

SECTION 49. IC 12-7-2-91 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 91. "Fund" means the following:

- (1) For purposes of IC 12-12-1-9, the fund described in IC 12-12-1-9.
- ~~(2) For purposes of IC 12-13-8, the meaning set forth in IC 12-13-8-1.~~
- ~~(3)~~ (2) For purposes of IC 12-15-20, the meaning set forth in IC 12-15-20-1.
- ~~(4)~~ (3) For purposes of IC 12-17-12, the meaning set forth in IC 12-17-12-4.

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~~(5)~~ (4) For purposes of IC 12-17.6, the meaning set forth in IC 12-17.6-1-3.

~~(6)~~ (5) For purposes of IC 12-18-4, the meaning set forth in IC 12-18-4-1.

~~(7)~~ (6) For purposes of IC 12-18-5, the meaning set forth in IC 12-18-5-1.

~~(8)~~ For purposes of ~~IC 12-19-7~~, the meaning set forth in ~~IC 12-19-7-2~~.

~~(9)~~ (7) For purposes of IC 12-23-2, the meaning set forth in IC 12-23-2-1.

~~(10)~~ (8) For purposes of IC 12-23-18, the meaning set forth in IC 12-23-18-4.

~~(11)~~ (9) For purposes of IC 12-24-6, the meaning set forth in IC 12-24-6-1.

~~(12)~~ (10) For purposes of IC 12-24-14, the meaning set forth in IC 12-24-14-1.

~~(13)~~ (11) For purposes of IC 12-30-7, the meaning set forth in IC 12-30-7-3.

SECTION 50. IC 12-13-5-5, AS AMENDED BY P.L.234-2005, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5. (a) Each county auditor shall keep records and make reports relating to the county welfare fund (before July 1, 2001), the family and children's fund, and other financial transactions as required under IC 12-13 through IC 12-19 and as required by the division or the department of child services.

(b) All records provided for in IC 12-13 through IC 12-19 shall be kept, prepared, and submitted in the form required by the division or the department of child services and the state board of accounts.

(c) This section expires January 1, 2010.

SECTION 51. IC 12-13-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) The state medical assistance to wards fund is established. ~~Before the fifth day of each month, all money contained in a county medical assistance to wards fund at the end of the preceding month shall be transferred to the state medical assistance to wards fund.~~ The state medical assistance to wards fund consists of the following:

~~(1)~~ The money transferred to the fund from the county medical assistance to wards funds.

~~(2)~~ (1) Any contributions to the fund from individuals, corporations, foundations, or others for the purpose of providing medical assistance.

~~(3)~~ (2) Any appropriations made specifically to the fund by the

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general assembly.

(b) This section does not obligate the general assembly to appropriate money to the state medical assistance to wards fund. **Expenditures for services provided after December 31, 2008, that would have been payable from a county medical assistance to wards fund if the fund had not been abolished shall be paid by the state after December 31, 2008. The division shall establish and maintain written procedures for the payment of providers that facilitate the delivery of medical assistance to wards.**

SECTION 52. IC 12-19-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 16. (a) This section does not apply to money received to reimburse the county family and children's fund for expenditures made from the **county** appropriations of the county office **or, after December 31, 2008, the state appropriations of the county office.**

(b) A county office may receive and administer money available to or for the benefit of a person receiving payments or services from the county office. The following applies to all money received under this section:

(1) The money shall be kept in a special fund known as the county family and children trust clearance fund and may not be commingled with any other fund or with money received from taxation.

(2) The money may be expended by the county office in any manner consistent with the following:

(A) The purpose of the county family and children trust clearance fund or with the intention of the donor of the money.

(B) Indiana law.

SECTION 53. IC 12-19-1-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 21. **(a) The following apply, notwithstanding any other law:**

(1) After December 31, 1999, a county may not impose any of the following:

(1) (A) A property tax levy for a county welfare fund.

(2) (B) A property tax levy for a county welfare administration fund.

(2) After December 31, 2008, a county may not impose a child welfare levy.

(b) This subsection applies to a levy necessary to repay a loan or bond for an obligation or otherwise pay an obligation that:

(1) would have been payable from a:

(A) county medical assistance to wards fund;

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1 (B) children with special health care needs county fund;
 2 (C) county family and children's fund; or
 3 (D) children's psychiatric residential treatment services
 4 fund;
 5 if IC 12-13-8, IC 12-19-5, IC 12-19-7, IC 12-19-7.5, and
 6 IC 16-35-3 had not been repealed;
 7 (2) is incurred by the county for services provided before
 8 January 1, 2009; and
 9 (3) exceeds the unencumbered balance of the applicable fund
 10 listed in subdivision (1) on December 31, 2008.
 11 The repeal of IC 12-13-8, IC 12-19-5, IC 12-19-7, IC 12-19-7.5, and
 12 IC 16-35-3 does not terminate a county's obligation to pay
 13 obligations described in this subsection. A levy to repay a loan or
 14 obligation described in this subsection that would have been
 15 imposed for a county medical assistance to wards fund, a county
 16 family and children's fund, a children's psychiatric residential
 17 treatment services fund, or a children with special health care
 18 needs county fund if IC 12-13-8, IC 12-19-5, IC 12-19-7,
 19 IC 12-19-7.5, and IC 16-35-3 had not been repealed shall, after
 20 December 31, 2008, be levied from the county's debt service fund.
 21 An action taken before January 1, 2009, under IC 12-13-8
 22 (repealed), IC 12-19-5 (repealed), IC 12-19-7 (repealed),
 23 IC 12-19-7.5 (repealed), or IC 16-35-3 (repealed) to authorize a
 24 loan or bond and the repayment of the loan or bond from the
 25 county medical assistance to wards fund, county family and
 26 children's fund, children's psychiatric residential treatment
 27 services fund, or children with special health care needs county
 28 fund shall be treated after December 31, 2008, as an action to
 29 repay the loan or bond from a county debt service fund. If a county
 30 must authorize a loan or bond after December 31, 2008, to pay for
 31 medical assistance to wards, child services, children's psychiatric
 32 residential treatment services, or services to children with special
 33 health care needs provided before January 1, 2009, the loan or
 34 bond and repayment from the county's debt service fund shall be
 35 authorized in same manner in which a loan or bond would have
 36 been authorized under IC 12-13-8 (repealed), IC 12-19-5
 37 (repealed), IC 12-19-7 (repealed), IC 12-19-7.5 (repealed), or
 38 IC 16-35-3 (repealed).
 39 (c) Except for the purposes authorized by subsection (d), a
 40 county's county medical assistance to wards fund, county family
 41 and children's fund, children's psychiatric residential treatment
 42 services fund, and children with special health care needs county

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fund are abolished on January 1, 2009. Except as authorized by the department of child services, an unencumbered balance in a fund described in this subsection on December 31, 2008, and any amount collected after December 31, 2008, for a fund described in this subsection that relates to a:

(1) property tax levy imposed before January 1, 2009; or

(2) fee imposed for services provided before January 1, 2009; must be transferred to the auditor of state for deposit in the state general fund not later than the later of January 31, 2009, or thirty (30) days after the money is received by the county.

(d) A county may maintain a fund described in subsection (c) for the period necessary to close out the accounts in the fund. With the approval of the budget agency, the department of child services and a county may enter into an agreement to permit the county to retain an amount that would be otherwise transferred to the auditor of state under this chapter to permit the county to pay obligations incurred for child services and children's psychiatric residential treatment services provided before January 1, 2009.

(e) Expenditures for services provided after December 31, 2008, that would have been payable from a county family and children's fund or a children's psychiatric residential treatment services fund if the fund had not been abolished shall be paid by the state after December 31, 2008. The department of child services shall establish and maintain written procedures for the payment of providers that facilitate the delivery of child services and children's psychiatric residential treatment services. Copies of the procedures shall be delivered to each county office and each juvenile court judge.

(f) With the approval of the budget agency, the division of family resources and a county may enter into an agreement to permit the county to retain an amount that otherwise would be transferred to the auditor of state under this chapter to permit the county to pay obligations incurred for medical assistance to wards provided before January 1, 2009.

SECTION 54. IC 12-19-1.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3.5. As used in this chapter, "implementation date" means the following:

(1) December 31, 1999, for pledges described in section 8(a) of this chapter.

(2) December 31, 2008, for pledges described in section 8(b) of this chapter.

SECTION 55. IC 12-19-1.5-6 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 6. As used in this chapter, "replacement amount" means the sum of the property taxes imposed on the assessed value of property in the allocation area in excess of the base assessed value in **the following**:

(1) 1999 for:

(1) (A) the county welfare fund; and

(2) (B) the county welfare administration fund.

(2) **2008 for the total of each child welfare levy.**

SECTION 56. IC 12-19-1.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 8. (a) This chapter applies to an allocation area in which:

(1) the holders of obligations received a pledge before July 1, 1999, of tax increment revenues to repay any part of the obligations due after December 31, 1999; and

(2) the elimination of a county welfare fund property tax levy or a county welfare administration fund property tax levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).

(b) **This chapter also applies to an allocation area in which:**

(1) **the holders of obligations received a pledge before April 15, 2008, of tax increment revenues to repay any part of the obligations due after December 31, 2008; and**

(2) **the elimination of any part of a child welfare levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).**

(c) A governing body may use one (1) or more of the procedures described in sections 9 through 11 of this chapter to provide sufficient funds to repay the obligations described in subsection (a). The amount raised each year may not exceed the replacement amount.

SECTION 57. IC 12-19-1.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. (a) A governing body may, after a public hearing, impose a special assessment on the owners of property that is located in an allocation area to repay a bond or an obligation described in section 8 of this chapter that comes due after ~~December 31, 1999~~ **the implementation date**. The amount of a special assessment for a taxpayer shall be determined by multiplying the replacement amount by a fraction, the denominator of which is the total incremental assessed value in the allocation area, and the numerator of which is the incremental assessed value of the taxpayer's property in the allocation area.

(b) Before a public hearing under subsection (a) may be held, the governing body must publish notice of the hearing under IC 5-3-1. The

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notice must state that the governing body will meet to consider whether a special assessment should be imposed under this chapter and whether the special assessment will help the governing body realize the redevelopment or economic development objectives for the allocation area or honor its obligations related to the allocation area. The notice must also name a date when the governing body will receive and hear remonstrances and objections from persons affected by the special assessment. All persons affected by the hearing, including all taxpayers within the allocation area, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, and orders of the governing body by the notice. At the hearing, which may be adjourned from time to time, the governing body shall hear all persons affected by the proceedings and shall consider all written remonstrances and objections that have been filed. The only grounds for remonstrance or objection are that the special assessment will not help the governing body realize the redevelopment or economic development objectives for the allocation area or honor its obligations related to the allocation area. After considering the evidence presented, the governing body shall take final action concerning the proposed special assessment. The final action taken by the governing body shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by subsection (c).

(c) A person who filed a written remonstrance with a governing body under subsection (b) and is aggrieved by the final action taken may, within ten (10) days after that final action, file in the office of the clerk of the circuit or superior court a copy of the order of the governing body and the person's remonstrance or objection against that final action, together with a bond conditioned to pay the costs of appeal if the appeal is determined against the person. The only ground of remonstrance or objection that the court may hear is whether the proposed assessment will help achieve the redevelopment or economic development objectives for the allocation area or honor its obligations related to the allocation area. An appeal under this subsection shall be promptly heard by the court without a jury. All remonstrances or objections upon which an appeal has been taken must be consolidated, heard, and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the remonstrances or objections, and may confirm the final action of the governing body or sustain the remonstrances or objections. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

(d) The maximum amount of a special assessment under this section may not exceed the replacement amount.

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(e) A special assessment shall be imposed and collected in the same manner as ad valorem property taxes are imposed and collected.

SECTION 58. IC 16-35-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. The children with special health care needs state fund consists of the following:

~~(1) Money transferred to the fund from the children with special health care needs county fund under IC 16-35-3.~~

~~(2) (1)~~ Contributions to the fund from individuals, corporations, foundations, or other persons for the purpose of providing money to assist children with special health care needs.

~~(3) (2)~~ Appropriations made specifically to the fund by the general assembly.

SECTION 59. IC 20-26-11-12, AS AMENDED BY P.L.145-2006, SECTION 150, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 12. (a) If a student is transferred under section 5 of this chapter from a school corporation in Indiana to a public school corporation in another state, the transferor corporation shall pay the transferee corporation the full tuition fee charged by the transferee corporation. However, the amount of the full tuition fee may not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount may not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(b) If a child is:

(1) placed by a court order in an out-of-state institution or other facility; and

(2) provided all educational programs and services by a public school corporation in the state where the child is placed, whether at the facility, the public school, or another location;

for services provided before January 1, 2009, the county office of family and children for the county placing the child shall pay from the county family and children's fund and for services provided after December 31, 2008, the department of child services shall pay from state revenues to the public school corporation in which the child is enrolled the amount of transfer tuition specified in subsection (c).

(c) The transfer tuition for which a county office is obligated under subsection (b) is equal to the following:

(1) The amount under a written agreement among the county office, the institution or other facility, and the governing body of the public school corporation in the other state that specifies the amount and method of computing transfer tuition.

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(2) The full tuition fee charged by the transferee corporation, if subdivision (1) does not apply. However, the amount of the full tuition fee must not exceed the amount charged by the transferor corporation for the same class of school, or if the school does not have the same classification, the amount must not exceed the amount charged by the geographically nearest school corporation in Indiana that has the same classification.

(d) If a child is:

(1) placed by a court order in an out-of-state institution or other facility; and

(2) provided:

(A) onsite educational programs and services either through the facility's employees or by contract with another person or organization that is not a public school corporation; or

(B) educational programs and services by a nonpublic school; **for services provided before January 1, 2009**, the county office of family and children for the county placing the child shall pay from the county family and children's fund **and for services provided after December 31, 2008, the department of child services shall pay from state revenues** in an amount and in the manner specified in a written agreement between the county office and the institution or other facility.

(e) An agreement described in subsection (c) or (d) is subject to the approval of the director of the department of child services. However, for purposes of IC 4-13-2, the agreement shall not be treated as a contract.

SECTION 60. IC 20-26-11-13, AS AMENDED BY P.L.234-2007, SECTION 105, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, career and technical education, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the

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child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) State tuition support distributions.

(B) Property tax levies.

(C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.

(D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

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1 (B) the result of subtracting the STEP TWO amount from the
2 STEP ONE amount.

3 If a child is placed in an institution or facility in Indiana under a court
4 order, the institution or facility shall **for services provided before**
5 **January 1, 2009**, charge the county office of the county of the student's
6 legal settlement under IC 12-19-7 (**repealed**) **and for services**
7 **provided after December 31, 2008, charge the department of child**
8 **services** for the use of the space within the institution or facility
9 (commonly called capital costs) that is used to provide educational
10 services to the child based upon a prorated per student cost.

11 (c) Operating costs shall be determined for each class of school
12 where a transfer student is enrolled. The operating cost for each class
13 of school is based on the total expenditures of the transferee
14 corporation for the class of school from its general fund expenditures
15 as specified in the classified budget forms prescribed by the state board
16 of accounts. This calculation excludes:

- 17 (1) capital outlay;
- 18 (2) debt service;
- 19 (3) costs of transportation;
- 20 (4) salaries of board members;
- 21 (5) contracted service for legal expenses; and
- 22 (6) any expenditure that is made out of the general fund from
- 23 extracurricular account receipts;
- 24 for the school year.

25 (d) The capital cost of special equipment for a school year is equal
26 to:

- 27 (1) the cost of the special equipment; divided by
- 28 (2) the product of:
 - 29 (A) the useful life of the special equipment, as determined
 - 30 under the rules adopted by the state board; multiplied by
 - 31 (B) the number of students using the special equipment during
 - 32 at least part of the school year.

33 (e) When an item of expense or cost described in subsection (c)
34 cannot be allocated to a class of school, it shall be prorated to all
35 classes of schools on the basis of the student enrollment of each class
36 in the transferee corporation compared with the total student
37 enrollment in the school corporation.

38 (f) Operating costs shall be allocated to a transfer student for each
39 school year by dividing:

- 40 (1) the transferee school corporation's operating costs for the class
- 41 of school in which the transfer student is enrolled; by
- 42 (2) the student enrollment of the class of school in which the

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transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

- (1) be entered into for a period of not more than five (5) years with an option to renew;
- (2) specify a maximum number of students to be transferred; and
- (3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) A school corporation may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or

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time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

A school corporation may not transfer a student under this section without the prior approval of the child's parent.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 20-45-6-8, the school corporation may appeal for an excessive levy as provided under IC 20-45-6-8.

SECTION 61. IC 20-26-11-17, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 17. (a) Each year before the date specified in the rules adopted by the state board, a school corporation shall report the information specified in subsection (b) for each student:

(1) for whom tuition support is paid by another school corporation;

(2) for whom tuition support is paid by the state; and

(3) who is enrolled in the school corporation but has the equivalent of a legal settlement in another state or country;

to the county office (as defined in IC 12-7-2-45) for the county in which the principal office of the school corporation is located and to the department.

(b) Each school corporation shall provide the following information for each school year for each category of student described in subsection (a):

(1) The amount of tuition support and other support received for the students described in subsection (a).

(2) The operating expenses, as determined under section 13 of this chapter, incurred for the students described in subsection (a).

(3) Special equipment expenditures that are directly related to educating students described in subsection (a).

(4) The number of transfer students described in subsection (a).

(5) Any other information required under the rules adopted by the state board after consultation with the ~~office of the secretary of family and social~~ **department of child** services.

(c) The information required under this section shall be reported in the format and on the forms specified by the state board.

(d) Not later than November 30 of each year the department shall compile the information required from school corporations under this section and submit the compiled information in the form specified by the ~~office of the secretary of family and social~~ **department of child** services to the ~~office of the secretary of family and social~~ **department**

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1 **of child** services.

2 (e) Not later than November 30 of each year each county office shall
3 submit the following information to the ~~office of the secretary of family~~
4 **and social department of child** services for each child who is
5 described in ~~IC 12-19-7-1(1)~~ **IC 12-7-2-31.7(1)** and is placed in
6 another state or is a student in a school outside the school corporation
7 where the child has legal settlement:

8 (1) The name of the child.

9 (2) The name of the school corporation where the child has legal
10 settlement.

11 (3) The last known address of the custodial parent or guardian of
12 the child.

13 (4) Any other information required by the ~~office of the secretary~~
14 **of family and social department of child** services.

15 (f) Not later than December 31 of each year, the ~~office of the~~
16 **secretary of family and social department of child** services shall
17 submit a report to the members of the budget committee and the
18 executive director of the legislative services agency that compiles and
19 analyzes the information required from school corporations under this
20 section. The report must identify the types of state and local funding
21 changes that are needed to provide adequate state and local money to
22 educate transfer students. A report submitted under this subsection to
23 the executive director of the legislative services agency must be in an
24 electronic format under IC 5-14-6.

25 SECTION 62. IC 20-33-2-29, AS ADDED BY P.L.1-2005,
26 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JANUARY 1, 2009]: Sec. 29. (a) It is unlawful for a person operating
28 or responsible for:

29 (1) an educational;

30 (2) a correctional;

31 (3) a charitable; or

32 (4) a benevolent institution or training school;

33 to fail to ensure that a child under the person's authority attends school
34 as required under this chapter. Each day of violation of this section
35 constitutes a separate offense.

36 (b) If a child is placed in an institution or facility under a court
37 order, the institution or facility shall **for services provided before**
38 **January 1, 2009**, charge the county office of family and children of the
39 county of the child's legal settlement under IC 12-19-7 (**repealed**) and
40 **for services provided after December 31, 2008, charge the**
41 **department of child services** for the use of the space within the
42 institution or facility (commonly called capital costs) that is used to

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1 provide educational services to the child based upon a prorated per
2 child cost.

3 SECTION 63. IC 31-25-2-7, AS ADDED BY P.L.145-2006,
4 SECTION 271, IS AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE JANUARY 1, 2009]: Sec. 7. The department is
6 responsible for the following:

- 7 (1) Providing child protection services under this article.
- 8 (2) Providing and administering child abuse and neglect
9 prevention services.
- 10 (3) Providing and administering child services (as defined in
11 ~~IC 42-19-7-1~~; **IC 12-7-2-31.7**) **and children's psychiatric**
12 **residential treatment services (as defined in IC 12-7-2-32.5).**
- 13 (4) Providing and administering family services.
- 14 (5) Providing family preservation services under IC 31-26-5.
- 15 (6) Regulating and licensing the following under IC 31-27:
 - 16 (A) Child caring institutions.
 - 17 (B) Foster family homes.
 - 18 (C) Group homes.
 - 19 (D) Child placing agencies.
- 20 (7) Administering the state's plan for the administration of Title
21 IV-D of the federal Social Security Act (42 U.S.C. 651 et seq.).
- 22 (8) Administering foster care services.
- 23 (9) Administering independent living services (as described in 42
24 U.S.C. 677 et seq.).
- 25 (10) Administering adoption services.
- 26 **(11) Paying the expenses of a child housed in a facility**
27 **operated by the department of correction.**

28 SECTION 64. IC 31-25-2-17, AS ADDED BY P.L.145-2006,
29 SECTION 271, IS AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JANUARY 1, 2009]: Sec. 17. (a) The department may
31 establish a program to procure any of the services described in section
32 7 of this chapter under a procurement agreement administered by the
33 department. The department may enter into procurement agreements
34 that cover the delivery of one (1) or more categories of services to all
35 the counties in a region determined by the department. An agreement
36 may provide for payment from state funds appropriated for the purpose
37 or direct billing of services to the county receiving the service.

38 (b) If the department enters into a procurement agreement covering
39 a county, the county, including the county's juvenile court, shall **for**
40 **services provided before January 1, 2009**, procure all services
41 covered by the procurement agreement in accordance with the regional
42 procurement agreement and the policies prescribed by the department.

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1 With the approval of the department, a county may use services from
 2 an alternate provider. **The department shall procure services**
 3 **provided after December 31, 2008, and the department shall work**
 4 **with the county's juvenile court to ensure that services are**
 5 **delivered as needed.**

6 (c) The costs incurred under a procurement agreement **for services**
 7 **provided before January 1, 2009**, shall be shared by the counties
 8 covered by the procurement agreement. The department shall allocate
 9 the costs of a regional procurement agreement **for services provided**
 10 **before January 1, 2009**, among the counties covered by the agreement
 11 in proportion to the use of the services by each county under the
 12 schedule prescribed by the department. A county shall pay the costs
 13 incurred under a procurement agreement **for services provided before**
 14 **January 1, 2009**, from the:

15 (1) family and children's fund **(repealed)**; or

16 (2) children's psychiatric residential treatment services fund
 17 **(repealed)**;

18 as appropriate. **The department shall pay the cost of a regional**
 19 **procurement agreement for services provided after December 31,**
 20 **2008.**

21 (d) If the department pays the costs incurred under a procurement
 22 contract **for services provided before January 1, 2009**, from state
 23 funds appropriated for the purpose, the department shall present a
 24 claim for reimbursement to the appropriate county auditor. The county
 25 executive shall review and allow the full amount of the claim in the
 26 manner provided in IC 36-2-6.

27 SECTION 65. IC 31-26-2-10, AS ADDED BY P.L.145-2006,
 28 SECTION 272, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JANUARY 1, 2009]: Sec. 10. (a) Upon the completion
 30 of an investigation under section 9 of this chapter, the county office
 31 shall do the following:

32 (1) Determine whether the child is eligible for assistance under
 33 this chapter and the department's rules.

34 (2) Determine the amount of the assistance and the date on which
 35 the assistance is to begin.

36 (3) Make an award, including any subsequent modification of the
 37 award, with which the department shall comply until the award or
 38 modified award is vacated.

39 (4) Notify the applicant and the department of the county office's
 40 decision in writing.

41 (b) The county office shall provide assistance to the recipient at
 42 least monthly upon warrant of the county auditor. The assistance must

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be:

(1) made from the county family and children's fund **for assistance provided before January 1, 2009, and by the state for assistance provided after December 31, 2008;** and

(2) based on a verified schedule of the recipients.

(c) The director of the county office shall prepare and verify the amount payable to the recipient, in relation to the awards made by the county office. The department shall prescribe the form on which the schedule under subsection (b)(2) must be filed.

SECTION 66. IC 31-26-3-2, AS ADDED BY P.L.145-2006, SECTION 272, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. (a) This section does not apply to a county office's:

(1) administrative expenses; or

(2) expenses regarding facilities, supplies, and equipment.

(b) Necessary expenses incurred in the administration of the child welfare services under section 1 of this chapter shall be paid **for expenses incurred:**

(1) before January 1, 2009, out of the county welfare fund or the county family and children's fund (whichever is appropriate); **and**

(2) after December 31, 2008, by the state.

SECTION 67. IC 31-31-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) The juvenile court may establish juvenile detention and shelter care facilities for children, except as provided by IC 31-31-9.

(b) The court may contract with other agencies to provide juvenile detention and shelter care facilities.

(c) If the juvenile court operates the juvenile detention and shelter care facilities, the judge shall appoint staff and determine the budgets.

(d) **Except as provided in subsection (e),** the county shall pay all expenses. The expenses for the juvenile detention facility shall be paid from the county general fund. ~~Payment of~~ The expenses for the juvenile detention facility ~~may not be paid from the county family and children's fund established by IC 12-19-7-3.~~ **are not payable as child services (as defined in IC 12-7-2-31.7).**

(e) A county is not required to pay the expenses of a child housed in a facility operated by the department of correction.

SECTION 68. IC 31-31-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 4. (a) This section applies to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000).

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(b) Notwithstanding section 3 of this chapter, the juvenile court shall operate a juvenile detention facility or juvenile shelter care facility established in the county. However, the county legislative body shall determine the budget for the juvenile detention facility or juvenile shelter care facility. **Except as provided in subsection (c),** the expenses for the juvenile detention facility shall be paid from the county general fund. ~~Payment of~~ The expenses for the juvenile detention facility ~~may not be paid from the county family and children's fund established by IC 12-19-7-3.~~ **are not payable as child services (as defined in IC 12-7-2-31.7).**

(c) The county is not required to pay the expenses of a child housed in a facility operated by the department of correction.

SECTION 69. IC 31-32-16-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. A parent, guardian, or custodian is required to pay court costs, court fees, and the costs of assessment and treatment. ~~Neither~~ The court, ~~nor the state,~~ **and the county is are not** liable for any part of the costs of assessment or treatment under this chapter.

SECTION 70. IC 31-34-24-8, AS AMENDED BY P.L.145-2006, SECTION 327, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 8. In preparing the plan, the team shall review and consider existing publicly and privately funded programs that are available or that could be made available in the county to provide supportive services to or for the benefit of children described in section 3 of this chapter without removing the child from the family home, including programs funded through the following:

- (1) Title IV-B of the Social Security Act (42 U.S.C. 620 et seq.).
- (2) Title IV-E of the Social Security Act (42 U.S.C. 670 et seq.).
- (3) Title XX of the Social Security Act (42 U.S.C. 1397 et seq.).
- (4) The Child Abuse Prevention and Treatment Act (42 U.S.C. 5106 et seq.).
- (5) Community corrections programs under IC 11-12.
- (6) Special education programs under IC 20-35-6-2.
- (7) All programs designed to prevent child abuse, neglect, or delinquency, or to enhance child welfare and family preservation administered by, or through funding provided by, the department, county offices, prosecutors, or juvenile courts, including programs funded under IC 12-19-7 (**repealed**) before January 1, 2009, and IC 31-40.
- (8) Probation user's fees under IC 31-40-2-1.
- (9) Child advocacy fund under IC 12-17-17.

SECTION 71. IC 31-34-24-13 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 13. (a) Upon
 2 receiving the initial plan and each revised or updated plan, the county
 3 fiscal body shall consider the plan in developing the family and
 4 children's fund budget **before January 1, 2009.**

5 (b) The county fiscal body may appropriate from the family and
 6 children's fund any amounts necessary **before January 1, 2009**, to
 7 provide funding to implement the plan.

8 **(c) After December 31, 2008, the department of child services**
 9 **shall pay any amounts necessary to implement the plan.**

10 SECTION 72. IC 31-37-24-8, AS AMENDED BY P.L.145-2006,
 11 SECTION 355, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JANUARY 1, 2009]: Sec. 8. In preparing the plan, the
 13 team shall review and consider existing publicly and privately funded
 14 programs that are available or that could be made available in the
 15 county to provide supportive services to or for the benefit of children
 16 described in section 3 of this chapter without removing the child from
 17 the family home, including programs funded through the following:

- 18 (1) Title IV-B of the Social Security Act (42 U.S.C. 620 et seq.).
- 19 (2) Title IV-E of the Social Security Act (42 U.S.C. 670 et seq.).
- 20 (3) Title XX of the Social Security Act (42 U.S.C. 1397 et seq.).
- 21 (4) The Child Abuse Prevention and Treatment Act (42 U.S.C.
- 22 5106 et seq.).
- 23 (5) Community corrections programs under IC 11-12.
- 24 (6) Special education programs under IC 20-35-6-2.
- 25 (7) All programs designed to prevent child abuse, neglect, or
- 26 delinquency, or to enhance child welfare and family preservation
- 27 administered by, or through funding provided by, the department,
- 28 county offices, prosecutors, or juvenile courts, including programs
- 29 funded under IC 12-19-7 (**repealed**) **before January 1, 2009**, and
- 30 IC 31-40.
- 31 (8) Probation user's fees under IC 31-40-2-1.
- 32 (9) The child advocacy fund under IC 12-17-17.

33 SECTION 73. IC 31-37-24-13 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 13. (a) Upon
 35 receiving the initial plan and each revised or updated plan, the county
 36 fiscal body shall consider the plan in developing the family and
 37 children's fund budget **before January 1, 2009.**

38 (b) The county fiscal body may appropriate from the family and
 39 children's fund any amounts necessary **before January 1, 2009**, to
 40 provide funding to implement the plan.

41 **(c) After December 31, 2008, the department of child services**
 42 **shall pay any amounts necessary to implement the plan.**

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SECTION 74. IC 31-40-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. (a) The county shall pay from the county family and children's fund **(repealed)** the cost of:

(1) any services ordered by the juvenile court for any child or the child's parent, guardian, or custodian, other than secure detention **provided before January 1, 2009; and**

(2) returning a child under IC 31-37-23 **before January 1, 2009.**

(b) The county fiscal body shall provide sufficient money to meet the court's requirements **before January 1, 2009.**

(c) The department of child services shall pay from state revenues the cost of:

(1) any services ordered by the juvenile court for any child or the child's parent, guardian, or custodian, other than secure detention provided after December 31, 2008; and

(2) returning a child under IC 31-37-23 after December 31, 2008.

(d) The state shall provide sufficient money to meet the court's requirements after December 31, 2008.

SECTION 75. IC 31-40-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) A parent or guardian of the estate of a child adjudicated a delinquent child or a child in need of services is financially responsible as provided in this chapter (or IC 31-6-4-18(e) before its repeal) for any services ordered by the court.

(b) Each parent of a child alleged to be a child in need of services or alleged to be a delinquent child shall, before a dispositional hearing, furnish the court with an accurately completed and current child support obligation worksheet on the same form that is prescribed by the Indiana supreme court for child support orders.

(c) At:

(1) a detention hearing;

(2) a hearing that is held after the payment of costs by a county under section 2 of this chapter (or IC 31-6-4-18(b) before its repeal);

(3) the dispositional hearing; or

(4) any other hearing to consider modification of a dispositional decree;

the juvenile court shall order the child's parents or the guardian of the child's estate to pay ~~for~~, or reimburse the county **or state, as appropriate**, for the cost of services provided to the child or the parent or guardian unless the court finds that the parent or guardian is unable

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to pay or that justice would not be served by ordering payment from the parent or guardian.

SECTION 76. IC 31-40-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 4. The parent or guardian of the estate of any child returned to Indiana under the interstate compact on juveniles under IC 31-37-23 shall reimburse the county **or state, as appropriate**, for all costs involved in returning the child that the court orders the parent or guardian to pay under section 3 of this chapter (or IC 31-6-4-18(e) before its repeal) whether or not the child has been adjudicated a delinquent child or a child in need of services.

SECTION 77. IC 31-40-1-5, AS AMENDED BY P.L.145-2006, SECTION 362, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5. (a) This section applies whenever the court orders or approves removal of a child from the home of a child's parent or guardian and placement of the child in a child caring institution (as defined in IC 31-9-2-16.7), a foster family home (as defined in IC 31-9-2-46.9), or the home of a relative of the child that is not a foster family home.

(b) If an existing support order is in effect, the court shall order the support payments to be assigned to the county office for the duration of the placement out of the home of the child's parent or guardian. The court shall notify the court that:

- (1) entered the existing support order; or
- (2) had jurisdiction, immediately before the placement, to modify or enforce the existing support order;

of the assignment and assumption of jurisdiction by the juvenile court under this section.

(c) If an existing support order is not in effect, the court shall do the following:

- (1) Include in the order for removal or placement of the child an assignment to the county office, or confirmation of an assignment that occurs or is required under applicable federal law, of any rights to support, including support for the cost of any medical care payable by the state under IC 12-15, from any parent or guardian who has a legal obligation to support the child.

- (2) Order support paid to the county office by each of the child's parents or the guardians of the child's estate to be based on child support guidelines adopted by the Indiana supreme court and for the duration of the placement of the child out of the home of the child's parent or guardian, unless:

- (A) the court finds that entry of an order based on the child

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support guidelines would be unjust or inappropriate considering the best interests of the child and other necessary obligations of the child's family; or

(B) the county office does not make foster care maintenance payments to the custodian of the child. For purposes of this clause, "foster care maintenance payments" means any payments for the cost of (in whole or in part) and the cost of providing food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable amounts for travel to the child's home for visitation. In the case of a child caring institution, the term also includes the reasonable costs of administration and operation of the institution as are necessary to provide the items described in this clause.

(3) If the court:

(A) does not enter a support order; or

(B) enters an order that is not based on the child support guidelines;

the court shall make findings as required by 45 CFR 302.56(g).

(d) Payments in accordance with a support order assigned under subsection (b) or entered under subsection (c) (or IC 31-6-4-18(f) before its repeal) shall be paid through the clerk of the circuit court as trustee for remittance to the county office.

(e) The Title IV-D agency shall establish, modify, or enforce a support order assigned or entered by a court under this section in accordance with IC 31-25-3, IC 31-25-4, and 42 U.S.C. 654. The county office shall, if requested, assist the Title IV-D agency in performing its duties under this subsection.

(f) If the juvenile court terminates placement of a child out of the home of the child's parent or guardian, the court shall:

(1) notify the court that:

(A) entered a support order assigned to the county office under subsection (b); or

(B) had jurisdiction, immediately before the placement, to modify or enforce the existing support order;

of the termination of jurisdiction of the juvenile court with respect to the support order;

(2) terminate a support order entered under subsection (c) that requires payment of support by a custodial parent or guardian of the child, with respect to support obligations that accrue after termination of the placement; or

(3) continue in effect, subject to modification or enforcement by

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a court having jurisdiction over the obligor, a support order entered under subsection (c) that requires payment of support by a noncustodial parent or guardian of the estate of the child.

(g) The court may at or after a hearing described in section 3 of this chapter order the child's parent or the guardian of the child's estate to reimburse the:

(1) county ~~office~~ for all or any portion of the expenses for services provided **before January 1, 2009**, to or for the benefit of the child that are paid from the county family and children's fund **(repealed); and**

(2) **state for all or any part of the expenses for services provided to or for the benefit of the child that are paid from state revenues;**

during the placement of the child out of the home of the parent or guardian, in addition to amounts reimbursed through payments in accordance with a support order assigned or entered as provided in this section, subject to applicable federal law.

SECTION 78. IC 31-40-1-7, AS AMENDED BY P.L.145-2006, SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 7. (a) Amounts received as payment of support or reimbursement of the cost of services paid as provided in this chapter shall be distributed in the following manner:

(1) If any part of the cost of services was paid from federal funds under Title IV Part E of the Social Security Act (42 U.S.C. 671 et seq.), the amounts received shall first be applied as provided in 42 U.S.C. 657 and 45 CFR 302.52.

(2) All amounts remaining after the distributions required by subdivision (1) shall be deposited:

(A) **for services provided before January 1, 2009**, in the family and children's fund ~~(established by IC 12-19-7-3)~~ **(repealed)** of the county that paid the cost of the services; **and**

(B) **for services provided after December 31, 2008, the state general fund.**

(b) Any money deposited in a county family and children's fund **(repealed)** under this section shall be reported to the department, in the form and manner prescribed by the department. **and Money deposited in the county family and children's fund before December 31, 2008, shall be applied to the child services budget compiled and adopted by the county director for the next state fiscal year, in accordance with IC 12-19-7-6, used as directed by the department.**

SECTION 79. IC 31-40-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. If the parent or

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guardian of the estate:

(1) defaults in reimbursing the county **or the state**; or

(2) fails to pay a fee authorized by this article;

the juvenile court may find the parent or guardian in contempt and enter judgment for the amount due.

SECTION 80. IC 33-38-9-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 8. (a) The Indiana judicial center shall maintain a roster of in-state facilities that have the expertise to provide child services (as defined in ~~IC 12-19-7-1~~ **IC 12-7-2-31.7**) in a residential setting to:

(1) children in need of services (as described in IC 31-34-1); or

(2) delinquent children (as described in IC 31-37-1 and IC 31-37-2).

(b) The roster under subsection (a) must include the information necessary to allow a court having juvenile jurisdiction to select an in-state placement of a child instead of placing the child in an out-of-state facility under IC 31-34 or IC 31-37. The roster must include at least the following information:

(1) Name, address, and telephone number of each facility.

(2) Owner and contact person for each facility.

(3) Description of the child services that each facility provides and any limitations that the facility imposes on acceptance of a child placed by a juvenile court.

(4) Number of children that each facility can serve on a residential basis.

(5) Number of residential openings at each facility.

(c) The Indiana judicial center shall revise the information in the roster at least monthly.

(d) The Indiana judicial center shall make the information in the roster readily available to courts with juvenile jurisdiction.

SECTION 81. IC 36-8.5 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

ARTICLE 8.5. PUBLIC SAFETY USER FEES

Chapter 1. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Eligible entity" means a:

(1) unit; or

(2) fire protection district.

Sec. 3. "Exemption statute" refers to the following statutes:

(1) IC 6-1.1-10-16.

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- 1 (2) IC 6-1.1-10-18.
 2 (3) IC 6-1.1-10-18.5.
 3 (4) IC 6-1.1-10-21.
 4 (5) IC 6-1.1-10-22.
 5 (6) IC 6-1.1-10-23.
 6 (7) IC 6-1.1-10-24.
 7 (8) IC 6-1.1-10-25.
 8 (9) IC 6-1.1-10-32.
 9 (10) IC 6-1.1-10-33.
- 10 **Sec. 4. "Qualified user" means the owner of each:**
 11 (1) lot;
 12 (2) parcel of property; or
 13 (3) building or other real property improvement;
 14 that is exempt from property taxation under at least one (1)
 15 exemption statute.
- 16 **Chapter 2. Application**
 17 **Sec. 1. This article applies to:**
 18 (1) all eligible entities; and
 19 (2) qualified users.
- 20 **Sec. 2. Except as provided in IC 36-8.5-4-12, a fee imposed**
 21 **under this article applies to each:**
 22 (1) lot;
 23 (2) parcel of property; or
 24 (3) building or other real property improvement;
 25 that is exempt from property taxation under at least one (1)
 26 exemption statute.
- 27 **Sec. 3. This article applies to an expenditure to establish,**
 28 **maintain, operate, provide facilities or equipment for, contract for,**
 29 **finance, or repay a judgment or other obligation related to any of**
 30 **the following:**
 31 (1) A police and law enforcement system to preserve public
 32 peace and order.
 33 (2) A firefighting and fire prevention system.
 34 (3) Emergency ambulance services (as defined in
 35 IC 16-18-2-107), except as part of a levy for a county hospital
 36 under IC 16-22 or a municipal hospital under IC 16-23.
 37 (4) Emergency medical services (as defined in
 38 IC 16-18-2-110), except as part of a levy for a county hospital
 39 under IC 16-22 or a municipal hospital under IC 16-23.
 40 (5) Emergency action (as defined in IC 13-11-2-65).
 41 **Sec. 4. The activities and systems to which this article applies**
 42 **include the following:**

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(1) A communications system (as defined in IC 36-8-15-3) or an enhanced emergency telephone system (as defined in IC 36-8-16-2).

(2) Pension payments for any of the following:

(A) A member of a fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.

(B) A member of a police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.

(C) A county sheriff or any other member of the office of the county sheriff.

(D) Other personnel employed to provide a service described in section 3 of this chapter.

(3) Operation of the following:

(A) A county jail.

(B) A juvenile detention center.

Sec. 5. This article does not apply to expenditures related to the following:

(1) A court.

(2) A probation department of a court.

(3) Confinement, supervision, community correction services, or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that:

(i) is between the county prosecutor and the person or the person's custodian, guardian, or parent; and

(ii) provides for confinement, supervision, community correction services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services in a facility;

except operation of a county jail or juvenile detention center.

Chapter 3. Distributions in Lieu of Property Tax Replacement and Homestead Credits

Sec. 1. Rates and charges imposed under this article shall be treated as ad valorem property taxes for the purpose of distributions under the following:

(1) IC 6-1.1-21.

(2) IC 6-3.5.

(3) IC 6-5.5.

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1 (4) IC 6-6-5.

2 (5) Any other law that computes a distribution on the assessed
3 value of the tangible property in an eligible entity or on the
4 property tax levy imposed by the eligible entity.

5 Sec. 2. The department of local government finance shall
6 provide the information for the department of state revenue and
7 county auditors to make the distributions described in section 1 of
8 this chapter for public safety services.

9 Sec. 3. Money received under the laws referred to in section 1 of
10 this chapter shall be used to reduce the rates and charges imposed
11 under IC 36-8.5-4.

12 Chapter 4. Rates and Charges

13 Sec. 1. Except as provided in section 12 of this chapter, rates and
14 charges imposed by an eligible entity under this chapter apply to:

- 15 (1) each qualified user in the eligible entity; and
16 (2) if the eligible entity has entered into a contract to provide
17 public safety services outside the eligible entity, each qualified
18 user outside the eligible entity served under the contract.

19 Sec. 2. The rates and charges for public safety services may be
20 determined based on the following:

- 21 (1) A flat charge for each:
22 (A) lot;
23 (B) parcel of property; or
24 (C) building or other real property improvement.
25 (2) The amount of public safety services used.
26 (3) The relative police or fire risk, as determined by insurance
27 ratings and other information available to the eligible entity.
28 (4) Whether the eligible entity is required to purchase or lease
29 special facilities or equipment to deliver public safety services
30 to the property.
31 (5) A combination of these or other factors that the eligible
32 entity determines is necessary to establish just and equitable
33 rates and charges.

34 Sec. 3. The rates and charges for public safety services do not
35 have to be uniform throughout the eligible entity or for all
36 qualified users. The legislative body of an eligible entity may
37 exercise reasonable discretion in:

- 38 (1) adopting different schedules of rates and charges; or
39 (2) making classifications in schedules of rates and charges:
40 (A) based on variations in the costs of furnishing the
41 services, including capital expenditures required, to
42 various classes of qualified users or to various locations in

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the eligible entity; or

(B) where there are variations in the number of qualified users in various locations in the eligible entity.

Sec. 4. Except as provided in section 12 of this chapter, the rates or charges must be billed and collected from each qualified user described in section 1 of this chapter.

Sec. 5. (a) The legislative body of an eligible entity shall, by ordinance, establish just and equitable rates or charges for the use of the public safety services provided to qualified users by the eligible entity.

(b) The legislative body of an eligible entity may periodically change and readjust the rates or charges as provided in this article.

Sec. 6. (a) Just and equitable rates and charges are those that produce sufficient revenue to fairly allocate the cost of providing public safety services in the eligible entity to the qualified users served by the eligible entity.

(b) Rates and charges too low to meet the financial requirements described in subsection (a) are unlawful. The initial rates and charges established after notice and hearing under this article are prima facie just and equitable.

Sec. 7. The initial rates or charges may be established only after a public hearing at which all:

- (1) the qualified users to be served by the eligible entity;
- (2) the other property owners to be served by the eligible entity; and
- (3) others interested;

have an opportunity to be heard concerning the proposed rates or charges.

Sec. 8. After introduction of the ordinance initially establishing rates or charges but before the ordinance is finally adopted, notice of the hearing setting forth the proposed schedule of the rates or charges must be given by publication one (1) time each week for two (2) weeks in a newspaper of general circulation in the eligible entity. The last publication must be at least seven (7) days before the date fixed in the notice for the hearing. The hearing may be adjourned as necessary.

Sec. 9. (a) The ordinance establishing the initial rates or charges, either as:

- (1) originally introduced; or
- (2) modified and amended;

must be passed and put into effect after the hearing.

(b) A copy of the schedule of the rates and charges established

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must be:

- (1) kept on file in the principal office of the eligible entity; and
- (2) open to public inspection.

Sec. 10. (a) The rates or charges established for a class of qualified users shall be extended to cover any additional qualified users after the rates or charges are established that are in the same class without the necessity of hearing or notice.

(b) A change or readjustment of the rates or charges may be made in the same manner as the rates or charges were originally established.

Sec. 11. An eligible entity may do any of the following:

(1) Exempt or partially exempt a qualified user from a rate or charge imposed under this article if the qualified user provides any of the services or systems referred to in IC 36-8.5-2-3 to the qualified user's exempt property at the qualified user's expense.

(2) Charge a qualified user exempt under subdivision (1) for providing to the qualified user any of the services or systems referred to in IC 36-8.5-2-3.

(3) Contract with a person to:

(A) partially exempt the qualified user from a rate or charge imposed under this article; and

(B) provide services and systems referred to in IC 36-8.5-2-3 to the qualified user for a lower charge than would apply under subdivision (2).

Sec. 12. An eligible entity shall exempt from a rate or charge imposed under this article:

- (1) a building that is used for religious worship; and
- (2) the tract of land, not exceeding five (5) acres, on which the building described in subdivision (1) is located.

Chapter 5. Collection

Sec. 1. Payment of a rate or charge imposed under this article shall be reported on forms approved by the county treasurer.

Sec. 2. Rates and charges imposed under this article must be paid to the county treasurer in accordance with a schedule prescribed by the ordinance adopted under IC 36-8.5-4-5.

Sec. 3. A rate or charge imposed by this article is a listed tax.

Sec. 4. All provisions of IC 6-8.1 apply to the county treasurer with respect to the rates or charges imposed by this article in the same manner that they apply to the department of state revenue with respect to the other listed taxes under IC 6-8.1-1-1.

Sec. 5. Interest and penalties may be added to delinquent rates

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1 or charges in the manner that interest and penalties may be added
2 to delinquent taxes under IC 6-8.1.

3 **Sec. 6. IC 6-8.1 applies to the collection and enforcement of any**
4 **rate or charge imposed under this article.**

5 SECTION 82. IC 6-2.5-6-11 IS REPEALED [EFFECTIVE JULY
6 1, 2008].

7 SECTION 83. THE FOLLOWING ARE REPEALED [EFFECTIVE
8 JANUARY 1, 2009]: IC 12-13-8; IC 12-19-5; IC 12-19-7;
9 IC 12-19-7.5; IC 16-35-3; IC 16-35-4-2.

10 SECTION 84. [EFFECTIVE JULY 1, 2008] **For property taxes**
11 **first due and payable after December 31, 2009, the department of**
12 **local government finance shall adjust under IC 6-1.1-18.5 the**
13 **maximum permissible levy of an eligible entity (as defined in**
14 **IC 36-8.5-1-2, as added by this act) to reflect the amount of fees**
15 **received by the eligible entity in the previous calendar year.**

16 SECTION 85. [EFFECTIVE JULY 1, 2008] **IC 36-8.5, as added by**
17 **this act, applies only to budget years beginning after December 31,**
18 **2008.**

19 SECTION 86. [EFFECTIVE JULY 1, 2008] **(a) For purposes of**
20 **IC 6-2.5, as amended by this act, all transactions, except the**
21 **furnishing of public utility, telephone, or cable television services**
22 **and commodities by retail merchants described in IC 6-2.5-4-5, as**
23 **amended by this act, IC 6-2.5-4-6, and IC 6-2.5-4-11, as amended**
24 **by this act, shall be considered as having occurred after June 30,**
25 **2008, to the extent that delivery of the property or services**
26 **constituting selling at retail is made after that date to the**
27 **purchaser or to the place of delivery designated by the purchaser.**
28 **However, a transaction shall be considered as having occurred**
29 **before July 1, 2008, to the extent that the agreement of the parties**
30 **to the transaction is entered into before July 1, 2008, and payment**
31 **for the property or services furnished in the transaction is made**
32 **before July 1, 2008, notwithstanding the delivery of the property**
33 **or services after June 30, 2008.**

34 **(b) With respect to a transaction constituting the furnishing of**
35 **public utility, telephone, or cable television services and**
36 **commodities, only transactions for which the charges are collected**
37 **on original statements and billings dated after July 31, 2008, shall**
38 **be considered as having occurred after June 30, 2008.**

39 **(c) This SECTION expires July 1, 2009.**

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